



Wisconsin Department of Public Instruction

Private School Choice Programs Fiscal Management Training

SCHEDULE 5-1, 5-2 & 5-3: FIXED ASSETS

March 2020

Fixed Assets General Requirements

- Create a capitalization policy that specifies:
 - The useful life that will be applied to assets within each category.
 - The monetary threshold that will be used to determine if an asset is capitalized.
 - Information on what asset groups, if any, will be used for capitalization purposes.
- See Appendix 1 in the PSCP Eligible Education Expense Bulletin for an example capitalization policy.

Fixed Assets General Requirements

- Only the cost for fixed assets may be included as an eligible expense. If an asset is donated, for example, it is not an eligible cost.
- In order to include a fixed asset as eligible, the school must be able to provide their external auditor with:
 - Support for the original purchase price.
 - Evidence that the school paid for the fixed asset purchase.
- The cost of the fixed asset will be recorded on the budget, not the fair value of the fixed asset.
- See the Financial Audit and PSCP/SNSP Reserve Balance Bulletin for additional information.

Depreciation

- Our examples will use the straight line depreciation method. This means depreciation is calculated by taking the total cost of the asset divided by the number of years the asset will be used (useful life).
- Depreciation for fixed assets begins when the asset is placed in service.
- The depreciation is included as an eligible education expense based on the percentage of the asset used for educational programming.

Depreciation Calculation Example

- A school purchases a smartboard for \$5,000. The school's useful life for the smartboard is 5 years. The depreciation expense per year is calculated as follows:

$$\frac{\$5,000}{5 \text{ years}} = \$1,000 \text{ of depreciation per year}$$

Fixed Asset Categories

- The next slides show categories the school may use.
- These categories will be used in the budget.
- The school may choose the categories that it will use for the financial audit based on what is most appropriate for the school. The only exception is that land must be included as a category if the school owns any land and will include it in the budget/financial audit.

Fixed Asset Types

- Educational media
 - Instructional and administrative items that are expected to serve their principal purposes for more than a year.
 - Media includes items such as text and reference books, audio-visual materials, and computer software.
- Equipment
 - Classroom, office, and other equipment that is expected to serve its principal purposes for more than a year.
 - This includes items such as desks, furniture, freestanding lockers, computers, copiers, and vehicles.
- The useful life is typically 5-7 years for these assets.

Fixed Asset Types (cont)

- Land: Land and land preparation expenses for its intended purpose. This includes demolition of an existing building and other site preparation and site improvements (other than buildings) that ready the land for its intended use.
 - If the school has any owned land and will include it in the budget/financial audit, this is a required fixed asset category.
 - Useful life for land is not applicable because land may not be depreciated per Generally Accepted Accounting Principles.
 - The Choice program allows for the school to include the cost of land as an eligible education expense in the first year it is used for educational programming purposes, to the extent it is used for educational programming in that year.
 - If a new school to the Choice program decides to include land in the financial audit, it must include the cost of land that is being used for educational programming as an eligible education expenses in its first financial audit.

Fixed Asset Types (cont)

- Buildings: Building and building components such as lighting fixtures, built-in lockers, heating, ventilating and wiring systems.
- Land Improvements: Improvements that add functionality to the land. Examples include sidewalks, fencing, installed playground equipment, and landscaping.
- For purposes of this budget, these categories are combined.

The useful life is typically 15-30 years.

Fixed Asset Types (cont)

- Leasehold improvements
 - Improvements to a leased facility that will stay with the facility even if the school no longer leases the facility.
 - Useful life is typically the current lease term.

Assets Owned as of June 30, 2020

- If the school purchases assets for the upcoming school year and will not use the assets until the school year starts, the assets should be in the “Construction in Progress” category as of June 30, 2020.
- If the school owns assets that are already being used as of June 30, 2020, the school will need to determine the original cost of the fixed assets that will be included and the accumulated depreciation (the total depreciation expense taken for the asset as of June 30, 2020).
- The school can choose to include none, some, or all of the fixed assets they own as of June 30, 2020 in the budget and financial audit. Any assets purchased after the school starts participating in the program must be included in the financial audit.

Knowledge Check

- The school purchases a bus in May 2021. The school will first use the bus in the 2021-22 school year. When should the depreciation on this asset begin?
 - a. In 2020-21 because that is when the bus was purchased.
 - b. In 2021-22 because that is when the bus will first be used.

True or False

Question	True or False
If a church member donates a vehicle, the school may include the fair market value of the vehicle as an eligible cost.	
The school may not include fixed assets if it does not have supporting documentation for the original cost.	

Knowledge Check

Which of the following is acceptable supporting documentation for an asset to be included as eligible for Choice program purposes?

- a. The information from the accounting system showing the asset and the amount recorded for the asset in the school's accounting system.
- b. The invoice or payment request for the asset.
- c. The canceled check or other documentation showing payment for the asset.
- d. Both b and c are required supporting documentation for Choice program purposes.

Example

- The church and the school are the same legal entity. The entity owns the following fixed assets prior to joining the Choice program. The school's policy indicates buildings are depreciated over 40 years. All other fixed assets are depreciated over 5 years.

Fixed Asset Description	Use	Original Value	Supporting Information Available?	Years Owned
Church building	Used for all church activities and school has chapel there once a week (5% of use).	\$1,000,000	No	50
School building	Used for all school activities & programs.	\$2,500,000	Yes	10
School bus	Used to transport students to and from school.	\$35,000	Yes	2
Van	Used by church for church events.	\$25,000	Yes	1
Desks	Used by students in K-12 educational programming.	\$2,500	Yes	6
Land church and school building are on.	Has church and school building on it. Land also has playground and sport fields used by school.	\$50,000	Yes	50
Lockers	Students use during school day.	\$5,000	No	3

Example-Will the school be able to include the following as eligible education expenses for the Choice program?

The church and the school are the same legal entity. The entity owns the following fixed assets prior to joining the Choice program. The school's policy indicates buildings are depreciated over 40 years. All other fixed assets are depreciated over 5 years.

Fixed Asset Description	Can the school include the fixed asset as an eligible expense?
Church building	
School building	
School bus	
Van	
Desks	
Land church and school building are on.	
Lockers	

Schedule 5-1: Fixed Asset Rollforward

FIXED ASSET ROLLFORWARD						
Column C is the total cost for any fixed assets owned by the legal entity of the school as of June 30, 2020. The entity may choose to include all of the fixed assets it expended cash for, some of the fixed assets it expended cash for, or none of its fixed assets. Donated assets may not be included in this schedule since these are not eligible education expenses. See the Instructions tab for an explanation of what should be included in each category. Column B should be the number of years that the assets are depreciated. For leasehold improvements, Column B should equal the remaining term of the lease as of June 30, 2020.						
Line	A Item Description	B Years of Service	C June 30, 2020 Balance	D Purchases	E Disposals	F June 30, 2021 Balance
1	Land					-
2	Buildings & Land Improvements					-
3	Equipment					-
4	Educational Media					-
5	Leasehold Improvements					-
6	Construction in Progress					-
7	TOTAL		-	-	-	-

- Years of service:
 - General assets-The useful life of the asset.
 - Leasehold Improvements-The number of years remaining in the lease term as of the beginning of the school year.

Schedule 5-1: Fixed Asset Rollforward

FIXED ASSET ROLLFORWARD						
Column C is the total cost for any fixed assets owned by the legal entity of the school as of June 30, 2020. The entity may choose to include all of the fixed assets it expended cash for, some of the fixed assets it expended cash for, or none of its fixed assets. Donated assets may not be included in this schedule since these are not eligible education expenses. See the Instructions tab for an explanation of what should be included in each category. Column B should be the number of years that the assets are depreciated. For leasehold improvements, Column B should equal the remaining term of the lease as of June 30, 2020.						
Line	A Item Description	B Years of Service	C June 30, 2020 Balance	D Purchases	E Disposals	F June 30, 2021 Balance
1	Land					-
2	Buildings & Land Improvements					-
3	Equipment					-
4	Educational Media					-
5	Leasehold Improvements					-
6	Construction in Progress					-
7	TOTAL		-	-	-	-

- Column C should include the total costs for the assets as of June 30, 2020.
- Column D should include the expected purchases during the 2020-21 school year.

Schedule 5-1: Fixed Asset Rollforward

FIXED ASSET ROLLFORWARD						
Column C is the total cost for any fixed assets owned by the legal entity of the school as of June 30, 2020. The entity may choose to include all of the fixed assets it expended cash for, some of the fixed assets it expended cash for, or none of its fixed assets. Donated assets may not be included in this schedule since these are not eligible education expenses. See the Instructions tab for an explanation of what should be included in each category. Column B should be the number of years that the assets are depreciated. For leasehold improvements, Column B should equal the remaining term of the lease as of June 30, 2020.						
Line	A Item Description	B Years of Service	C June 30, 2020 Balance	D Purchases	E Disposals	F June 30, 2021 Balance
1	Land					-
2	Buildings & Land Improvements					-
3	Equipment					-
4	Educational Media			5,000		5,000
5	Leasehold Improvements					-
6	Construction in Progress		5,000		5,000	-
7	TOTAL		5,000	5,000	5,000	5,000

- Construction in Progress is the cost of any fixed assets that the school is not yet using. In the year the school starts using them, the school should include them as a disposal (in Column E) and a purchase (in Column D) in the applicable category.
- For example, if a school purchased \$5,000 of books in June 2020 but doesn't start using them until the 2020-21 school year, the schedule would look like the above.

Schedule 5-1: Accumulated Depreciation

ACCUMULATED DEPRECIATION ROLLFORWARD						
Column C is the accumulated depreciation as of June 30, 2020, based on the years of service in B above. Insert the percent of each category that is school related and the depreciation during the school year for each category. Land is considered fully depreciated in the first year it is used for educational programming.						
Line	A Item Description	B % School	C June 30, 2020 Balance	D Additional Depreciation	E Depreciation for Disposals	F June 30, 2021 Balance
8	Land			-		-
9	Buildings & Land Improvements					-
10	Equipment					-
11	Educational Media					-
12	Leasehold Improvements					-
13	TOTAL		-	-	-	-

- % School must be based on the portion of the asset used for educational programming purposes. If it is less than 100%, an allocation method must be used.
- Insert the Accumulated Depreciation balance for the asset as of June 30, 2020.
- Additional depreciation is the current year depreciation for the assets. If the asset is not fully depreciated, this must be greater than 0 or the school will receive an error for every category except land.
- If the school disposes of any asset, Column E must include the total depreciation for the asset in Column C and D.

Schedule 5-1 Errors

Error Report:

SCHEDULE 5

[?]

28

The years of service, percent relating to school, accumulated depreciation, and/or additional depreciation is missing on Sch 5-1

OK

FIXED ASSET ROLLFORWARD

Column C is the total cost for any fixed assets owned by the legal entity of the school as of June 30, 2020. The entity may choose to include all of the fixed assets it expended cash for, some of the fixed assets it expended cash for, or none of its fixed assets. Donated assets may not be included in this schedule since these are not eligible education expenses. See the Instructions tab for an explanation of what should be included in each category. Column B should be the number of years that the assets are depreciated. For leasehold improvements, Column B should equal the remaining term of the lease as of June 30, 2020.

Line	A Item Description	B Years of Service	C June 30, 2020 Balance	D Purchases	E Disposals	F June 30, 2021 Balance
1	Land					-
2	Buildings & Land Improvements					-
3	Equipment					-
4	Educational Media					-
5	Leasehold Improvements					-
6	Construction in Progress					-
7	TOTAL		-	-	-	-

ACCUMULATED DEPRECIATION ROLLFORWARD

Column C is the accumulated depreciation as of June 30, 2020, based on the years of service in B above. Insert the percent of each category that is school related and the depreciation during the school year for each category. Land is considered fully depreciated in the first year it is used for educational programming.

Line	A Item Description	B % School	C June 30, 2020 Balance	D Additional Depreciation	E Depreciation for Disposals	F June 30, 2021 Balance
8	Land			-		-
9	Buildings & Land Improvements					-
10	Equipment					-
11	Educational Media					-
12	Leasehold Improvements					-
13	TOTAL		-	-	-	-

- For any fixed asset lines with balances, insert the following:
 - Years of service
 - % School
 - June 30, 2020 Balance in Lines 8-12 (beginning accumulated depreciation balance)
 - Additional Depreciation

Schedule 5-1: Cash Flow

CASH FLOW		
Enter the Accounts Payable balance at the beginning of the year in Line 15. Line 16 will then indicate the amount to be paid during the school year. Enter in the cash payments in lines 17-28. Finally, review the Accounts Payable balance at the end of the year on Line 30 to determine if it is correct.		
Line	A Line Description	B Payments for Assets
14	Total 2020-21 Payments	-
15	June 30, 2020 Accounts Payable	
16	TOTAL AMOUNT TO BE PAID	-
17	July 2020 Cash Payments	
18	August 2020 Cash Payments	
19	September 2020 Cash Payments	
20	October 2020 Cash Payments	
21	November 2020 Cash Payments	
22	December 2020 Cash Payments	
23	January 2021 Cash Payments	
24	February 2021 Cash Payments	
25	March 2021 Cash Payments	
26	April 2021 Cash Payments	
27	May 2021 Cash Payments	
28	June 2021 Cash Payments	
29	TOTAL CASH PAYMENTS	-
30	JUNE 30, 2021 ACCOUNTS PAYABLE	-

- If any assets are purchased, include the payments in Column B.

Leasehold Improvements Example

	July 2019	2020-21
Cost		
Years of Depreciation		
Depreciation Expense Per Year		
Accumulated Depreciation as of June 30, 2020		

- The school leases a building that is used by the school and daycare.
- The lease is from 7/1/19 to 6/30/24 (5 year lease).
- In July 2019 the school completed renovations that cost \$10,000 and began using the building.
- The school plans on adding lockers in the 2020-21 school year that will be permanently affixed to the walls. The anticipated cost is \$4,000. The school anticipates paying for this in May 2021.
- The school occupies 10,000 square feet for 10 months of the year and the daycare occupies 5,000 square feet for 12 months of the year.

Leasehold Improvements Example-Allocation Calculation

The school leases a building that is used by the school and daycare. The school occupies 10,000 square feet for 10 months of the year and the daycare occupies 5,000 square feet for 12 months of the year.

	Square Feet	Months	Total
Daycare			
School			
	Total		

Leasehold Improvements Example

FIXED ASSET ROLLFORWARD						
Line	A Item Description	B Years of Service	C June 30, 2020 Balance	D Purchases	E Disposals	F June 30, 2021 Balance
1	Land					-
2	Buildings & Land Improvements					-
3	Equipment					-
4	Educational Media					-
5	Leasehold Improvements					-
6	Construction in Progress					-
7	TOTAL		-	-	-	-

ACCUMULATED DEPRECIATION ROLLFORWARD						
Line	A Item Description	B % School	C June 30, 2020 Balance	D Additional Depreciation	E Depreciation for Disposals	F June 30, 2021 Balance
8	Land			-		-
9	Buildings & Land Improvements					-
10	Equipment					-
11	Educational Media					-
12	Leasehold Improvements					-
13	TOTAL		-	-	-	-

	July 2019	2020-21
Cost		
Years of Depreciation		
Depreciation Expense Per Year		
Accumulated Depreciation as of June 30, 2020		

Leasehold Improvements Example (cont)

- The school plans on adding lockers in the 2020-21 school year that will be permanently affixed to the walls. The anticipated cost is \$4,000. The school anticipates paying for this in May 2021.

Line	A Line Description	B Payments for Assets
14	Total 2020-21 Payments	4,000
15	June 30, 2020 Accounts Payable	
16	TOTAL AMOUNT TO BE PAID	4,000
17	July 2020 Cash Payments	
18	August 2020 Cash Payments	
19	September 2020 Cash Payments	
20	October 2020 Cash Payments	
21	November 2020 Cash Payments	
22	December 2020 Cash Payments	
23	January 2021 Cash Payments	
24	February 2021 Cash Payments	
25	March 2021 Cash Payments	
26	April 2021 Cash Payments	
27	May 2021 Cash Payments	
28	June 2021 Cash Payments	
29	TOTAL CASH PAYMENTS	-
30	JUNE 30, 2021 ACCOUNTS PAYABLE	4,000

Building Example

Total Building Cost	
Useful Life (Years of Service)	
Depreciation Expense Per Year	
Years of Depreciation as of 6/30/20	
Accumulated Depreciation as of 6/30/20	

- The school has a building that they purchased in July 2014 that cost \$1,500,000. The useful life (years of service) is 15 years. It is only used by the school.

Building Example-Answer

Total Building Cost	
Useful Life (Years of Service)	
Depreciation Expense Per Year	
Accumulated Depreciation as of 6/30/20	

FIXED ASSET ROLLFORWARD						
Line	A Item Description	B Years of Service	C June 30, 2020 Balance	D Purchases	E Disposals	F June 30, 2021 Balance
1	Land					-
2	Buildings & Land Improvements					-
3	Equipment					-
4	Educational Media					-
5	Leasehold Improvements					-
6	Construction in Progress					-
7	TOTAL		-	-	-	-
ACCUMULATED DEPRECIATION ROLLFORWARD						
Line	A Item Description	B % School	C June 30, 2020 Balance	D Additional Depreciation	E Depreciation for Disposals	F June 30, 2021 Balance
8	Land			-		-
9	Buildings & Land Improvements					-
10	Equipment					-
11	Educational Media					-
12	Leasehold Improvements					-
13	TOTAL		-	-	-	-

Land Example

FIXED ASSET ROLLFORWARD						
Line	A Item Description	B Years of Service	C June 30, 2020 Balance	D Purchases	E Disposals	F June 30, 2021 Balance
1	Land					-
2	Buildings & Land Improvements					-
3	Equipment					-
4	Educational Media					-
5	Leasehold Improvements					-
6	Construction in Progress					-
7	TOTAL		-	-	-	-
ACCUMULATED DEPRECIATION ROLLFORWARD						
Line	A Item Description	B % School	C June 30, 2020 Balance	D Additional Depreciation	E Depreciation for Disposals	F June 30, 2021 Balance
8	Land			-		-
9	Buildings & Land Improvements					-
10	Equipment					-
11	Educational Media					-
12	Leasehold Improvements					-
13	TOTAL		-	-	-	-

- The school purchased land in 2016 for \$200,000. The school plans on building an additional school at this location in the future.
- If the land is not yet being used for educational programming, remove the additional depreciation from Column D.

Equipment Example

- As of June 30, 2020, the school has \$40,000 of equipment that has \$30,000 of Accumulated Depreciation. The equipment includes a van used only by the church that was purchased for \$12,000. The remaining equipment is for the school. Depreciation for this equipment per year is \$6,000.
- In the 2020-21 school year the school will purchase \$10,000 of equipment that includes \$2,000 of school equipment and \$8,000 of daycare equipment. The school will pay for the equipment in September 2020.
- The useful life (years of service) for equipment is 5 years.

	Total Amount	School related	Non School Related
Owned as of June 30, 2020	40,000		
Purchased in 2020-21	10,000		
Total	50,000		
School Use Percentage			

Equipment Example-Answer

FIXED ASSET ROLLFORWARD						
Line	A Item Description	B Years of Service	C June 30, 2020 Balance	D Purchases	E Disposals	F June 30, 2021 Balance
1	Land					-
2	Buildings & Land Improvements					-
3	Equipment					-
4	Educational Media					-
5	Leasehold Improvements					-
6	Construction in Progress					-
7	TOTAL		-	-	-	-
ACCUMULATED DEPRECIATION ROLLFORWARD						
Line	A Item Description	B % School	C June 30, 2020 Balance	D Additional Depreciation	E Depreciation for Disposals	F June 30, 2021 Balance
8	Land			-		-
9	Buildings & Land Improvements					-
10	Equipment					-
11	Educational Media					-
12	Leasehold Improvements					-
13	TOTAL		-	-	-	-

- As of June 30, 2020, the school has \$40,000 of equipment that has \$30,000 of Accumulated Depreciation.
- Depreciation for this equipment per year is \$6,000.
- In the 2020-21 school year the school will purchase \$10,000 of equipment.
- The useful life (years of service) for equipment is 5 years.

Equipment Example-Answer

- In the 2020-21 school year the school will purchase \$10,000 of equipment that includes \$9,000 of school equipment and \$1,000 of daycare equipment. The school will pay for the equipment in September 2020.

Line	A Line Description	B Payments for Assets
14	Total 2020-21 Payments	14,000
15	June 30, 2020 Accounts Payable	
16	TOTAL AMOUNT TO BE PAID	14,000
17	July 2020 Cash Payments	
18	August 2020 Cash Payments	
19	September 2020 Cash Payments	
20	October 2020 Cash Payments	
21	November 2020 Cash Payments	
22	December 2020 Cash Payments	
23	January 2021 Cash Payments	
24	February 2021 Cash Payments	
25	March 2021 Cash Payments	
26	April 2021 Cash Payments	
27	May 2021 Cash Payments	4,000
28	June 2021 Cash Payments	
29	TOTAL CASH PAYMENTS	4,000
30	JUNE 30, 2021 ACCOUNTS PAYABLE	10,000

Schedule 5-2

LOCATIONS						
List all building locations of the school or the same legal entity of the school. All columns must be completed. All locations of the school must be listed. All addresses listed on the school's Intent to Participate must be included below.						
Line	A Building Address & City	B What will this building be used for?	C Owner of Building	D Relationship Between School and Owner	E If Related Party, Explain the Relationship	F Debt Outstanding? (see comment)
1						
2						

- Include the detail for all locations that the legal entity uses in Schedule 5-2.
- This must include all school locations on the Intent to Participate.
- This includes locations used but not owned by the school.
- If the school has not identified at least one location, it will receive an error message.
- If the school has not determined where it will be located by the time the budget is submitted to DPI, insert TBD in Columns A and C.

Locations Required Attachments

- One of the following must be provided for all locations on Schedule 5-2:
 - A printscreen from the City assessor office showing the owner of the location.
 - If unavailable, property deed showing the owner.
- The address on the printscreen or deed must exactly match the address in Schedule 5-2.
- Contact the department in advance of the budget due date if you have questions on how to obtain this.
- If the school inserts TBD for a location, it must request a waiver for the required attachments from a DPI auditor and provide the email waiving the attachment with the budget.

Schedule 5-2

INSUFFICIENT EDUCATIONAL MEDIA & EQUIPMENT		
	<div>The budget does not include any cost or very little cost for equipment. Explain how the school will be equipped with pupil desks, administrative desks and other equipment.</div>	NOT REQUIRED
11		
	<div>The budget does not include any cost or very little cost for books and other educational media. Explain how pupils will be provided with books and other educational media.</div>	REQUIRED
12		

- If the amount of educational media or equipment is less than \$5,000 each, the school must explain how these items will be provided.
- If either of these questions are required, but not answered, the school will receive an error message.

Knowledge Check

Which of the following locations must be included on Schedule 5-2?

- a. Church building owned by the legal entity of the school.
- b. School building owned by the legal entity of the school.
- c. Building the legal entity of the school rents for their daycare operations.
- d. All of the above.

Schedule 5-3: Leases

LEASE INFORMATION						
<p>Identify any leases that the legal entity of the school currently has or expects to have for the 2020-21 school year and the name of the lessor in Columns A and B. Then, identify whether the lease is for renting a location in C. Finally, identify the required lease payments to be made based on the lease in Columns D-F. The amount in these columns should be the cash payments required. A copy of all leases for renting a location and any other leases that have total remaining payments of \$10,000 or more in Columns D-F must be provided with the budget.</p>						
Line	A Name of Organization Leasing to School	B Description of Item Being Leased <i>If lease is for a location, identify address of location being rented</i>	C Is the lease for renting a location?	D Total 2020-21 Payments Per Lease	E Total 2021-22 Payments Per Lease	F Total Payments Per Lease After 2021-22
1						
2						

- All leases of the school must be included in this schedule. The most common leases are leasing a building and copier leases.

Schedule 5-3: Leases (cont)

LEASE INFORMATION						
<p>Identify any leases that the legal entity of the school currently has or expects to have for the 2020-21 school year and the name of the lessor in Columns A and B. Then, identify whether the lease is for renting a location in C. Finally, identify the required lease payments to be made based on the lease in Columns D-F. The amount in these columns should be the cash payments required. A copy of all leases for renting a location and any other leases that have total remaining payments of \$10,000 or more in Columns D-F must be provided with the budget.</p>						
Line	A Name of Organization Leasing to School	B Description of Item Being Leased <i>If lease is for a location, identify address of location being rented</i>	C Is the lease for renting a location?	D Total 2020-21 Payments Per Lease	E Total 2021-22 Payments Per Lease	F Total Payments Per Lease After 2021-22
1						
2						

- Insert the name of the lessor in Column A. If this is not known, insert TBD.
- Describe the item being leased in Column B. For example, a building or copier. If it is a building, indicate the address of the building.
- In Column C answer whether or not the lease is for a building.

Rental Requirements

- Rent may only be included if the organization is a separate legal entity from the landlord. The organizations are not different legal entities if:
 - The organizations have the same tax id number and use it for all activities including payroll.
 - The organizations are NOT separately set up with the Department of Financial Institutions.
- A complete signed copy of the rental agreement must be submitted with the budget or the expected date that the school will have a rental agreement must be identified, if not already signed.

Schedule 5-3: Leases (cont)

LEASE INFORMATION						
<p>Identify any leases that the legal entity of the school currently has or expects to have for the 2020-21 school year and the name of the lessor in Columns A and B. Then, identify whether the lease is for renting a location in C. Finally, identify the required lease payments to be made based on the lease in Columns D-F. The amount in these columns should be the cash payments required. A copy of all leases for renting a location and any other leases that have total remaining payments of \$10,000 or more in Columns D-F must be provided with the budget.</p>						
Line	A Name of Organization Leasing to School	B Description of Item Being Leased <i>If lease is for a location, identify address of location being rented</i>	C Is the lease for renting a location?	D Total 2020-21 Payments Per Lease	E Total 2021-22 Payments Per Lease	F Total Payments Per Lease After 2021-22
1						
2						

- In Columns D-F insert the actual lease payments that must be paid during the year based on the lease.
- These should be entered based on when the cash is due, not based on the accrual basis of accounting.

Schedule 5-3: Leases (cont)

CASH FLOWS

Insert the eligible education expenses on Line 9. The total required lease payments based on the information above is automatically completed on Line 10. Insert the total lease payments that were required to be paid per the lease but not yet paid on Line 11. Then, insert the Prepaid Expenses balance at the beginning of the school year in Line 12. Line 13 will then indicate the amount that must be paid during the school year. Include the amount that will be paid for each month in Lines 14-25. If the school will have a Prepaid Expense balance at the end of the year, insert it in Line 27.

Line	A Line Description	B Rent	C Leases Other Than Rent
9	Total Eligible Education Expenses		
10	Total 2020-21 Payments Per Lease	-	-
11	Lease Payments Due Prior to June 30, 2020 Not Paid as of June 30, 2020		
12	June 30, 2020 Prepaid Expenses		
13	TOTAL AMOUNT TO BE PAID	-	-
14	July 2020 Cash Payments		
15	August 2020 Cash Payments		
16	September 2020 Cash Payments		
17	October 2020 Cash Payments		
18	November 2020 Cash Payments		
19	December 2020 Cash Payments		
20	January 2021 Cash Payments		
21	February 2021 Cash Payments		
22	March 2021 Cash Payments		
23	April 2021 Cash Payments		
24	May 2021 Cash Payments		
25	June 2021 Cash Payments		
26	TOTAL CASH PAYMENTS	-	-
27	JUNE 30, 2021 Prepaid Expenses		

- The bottom of the lease schedule is the cash flow.
- This requires that the school identify the cash flow related items for rent and other leases separately.

Schedule 5-3: Leases (cont)

CASH FLOWS

Insert the eligible education expenses on Line 10. The total required lease payments based on the information above is automatically completed on Line 11. Insert the total lease payments that were required to be paid per the lease but not yet paid on Line 12. Then, insert the Prepaid Expenses balance at the beginning of the school year in Line 13. Line 14 will then indicate the amount that must be paid during the school year. Include the amount that will be paid for each month in Lines 15-26. If the school will have a Prepaid Expense balance at the end of the year, insert it in Line 28.

Line	A Line Description	B Rent	C Leases Other Than Rent
10	Total Eligible Education Expenses		
11	Total 2020-21 Payments Per Lease	-	-
12	Lease Payments Due Prior to June 30, 2020 Not Paid as of June 30, 2020		
13	June 30, 2020 Prepaid Expenses		
14	TOTAL AMOUNT TO BE PAID	-	-
15	July 2020 Cash Payments		
16	August 2020 Cash Payments		
17	September 2020 Cash Payments		
18	October 2020 Cash Payments		
19	November 2020 Cash Payments		
20	December 2020 Cash Payments		
21	January 2021 Cash Payments		
22	February 2021 Cash Payments		
23	March 2021 Cash Payments		
24	April 2021 Cash Payments		
25	May 2021 Cash Payments		
26	June 2021 Cash Payments		
27	TOTAL CASH PAYMENTS	-	-
28	JUNE 30, 2021 Prepaid Expenses		

- Identify the eligible education expenses in Line 10.
- The 2020-21 lease payments based on the lease will automatically be included on Line 11.

Schedule 5-3: Leases (cont)

CASH FLOWS			
Insert the eligible education expenses on Line 10. The total required lease payments based on the information above is automatically completed on Line 11. Insert the total lease payments that were required to be paid per the lease but not yet paid on Line 12. Then, insert the Prepaid Expenses balance at the beginning of the school year in Line 13. Line 14 will then indicate the amount that must be paid during the school year. Include the amount that will be paid for each month in Lines 15-26. If the school will have a Prepaid Expense balance at the end of the year, insert it in Line 28.			
Line	A Line Description	B Rent	C Leases Other Than Rent
10	Total Eligible Education Expenses		
11	Total 2020-21 Payments Per Lease	-	-
12	Lease Payments Due Prior to June 30, 2020 Not Paid as of June 30, 2020		
13	June 30, 2020 Prepaid Expenses		
14	TOTAL AMOUNT TO BE PAID	-	-
15	July 2020 Cash Payments		
16	August 2020 Cash Payments		
17	September 2020 Cash Payments		
18	October 2020 Cash Payments		
19	November 2020 Cash Payments		
20	December 2020 Cash Payments		
21	January 2021 Cash Payments		
22	February 2021 Cash Payments		
23	March 2021 Cash Payments		
24	April 2021 Cash Payments		
25	May 2021 Cash Payments		
26	June 2021 Cash Payments		
27	TOTAL CASH PAYMENTS	-	-
28	JUNE 30, 2021 Prepaid Expenses		

- If there are any lease payments that were due based on the lease but not made, insert them in Line 12.
- Insert any prepaid expenses as of the beginning of the year and the end of the year in Line 13 and Line 28. These are amounts that were paid in advance of the period the payments were for.
- Insert the cash payments in Lines 15-26. These must, at a minimum, be based on the required payments in the lease.

Lease Example

- The school is renting a building at 123 Main St in Milwaukee from ABC Rental. The lease is from 7/1/19 to 6/30/24. The school is required to pay \$15,000 in June, September, December, and March for an annual lease payment of \$60,000. The lease payment is for the next three months of rent.
- The school plans on paying \$15,000 in June 2020 and then paying the quarterly payments during 2020-21 as required by the lease agreement.
- The eligible education expense is 63% of the rent as we determined earlier.

Lease Example-Answer

		LEASE INFORMATION				
Line	A Name of Organization Leasing to School	B Description of Item Being Leased <i>If lease is for a location, identify address of location being rented</i>	C Is the lease for renting a location?	D Total 2020-21 Payments Per Lease	E Total 2021-22 Payments Per Lease	F Total Payments Per Lease After 2021-22
1						

The school is renting a building at 123 Main St in Milwaukee from ABC Rental. The lease is from 7/1/19 to 6/30/24. The school is required to pay \$15,000 in June, September, December, and March for an annual lease payment of \$60,000. The lease payment is for the next three months of rent.

Lease Example-Answer (cont)

Line	A Line Description	B Rent	C Leases Other Than Rent
10	Total Eligible Education Expenses		
11	Total 2020-21 Payments Per Lease	60,000	-
12	Lease Payments Due Prior to June 30, 2020 Not Paid as of June 30, 2020		
13	June 30, 2020 Prepaid Expenses		
14	TOTAL AMOUNT TO BE PAID	60,000	-
15	July 2020 Cash Payments		
16	August 2020 Cash Payments		
17	September 2020 Cash Payments		
18	October 2020 Cash Payments		
19	November 2020 Cash Payments		
20	December 2020 Cash Payments		
21	January 2021 Cash Payments		
22	February 2021 Cash Payments		
23	March 2021 Cash Payments		
24	April 2021 Cash Payments		
25	May 2021 Cash Payments		
26	June 2021 Cash Payments		
27	TOTAL CASH PAYMENTS	-	-
28	JUNE 30, 2021 Prepaid Expenses		

- The eligible education expense is 63% of the rent as we determined earlier.
- The school plans on paying \$15,000 in June 2020 and then paying the required quarterly payments in June, September, December, and March during 2020-21.

SCHEDULE 6: DEBT

Schedule 6: Borrowing

- Include any debt of the school. Debt must include:
 - Lines of credit.
 - Mortgages and other debt agreements.
 - Debt agreements with related parties.
- Unpaid reimbursements due from related parties or employees are not considered debt.

Schedule 6: General Information

		DEBT PRINCIPAL SUMMARY				
Line	A Lender Name	B Date Incurred	C Maturity Date	D Related Party?	E Related Party Relationship	F Line of Credit
1						
2						
3						
4						
5						
6						

- Include general information on each debt.
- Identify if each lender is a related party. If so, you must explain the relationship in Column E.
- Identify if each debt is a line of credit in Column F.
- If the required information is not included, an error will show on the error report.

Who is a Related Party-Individuals

- An owner, director, trustee, officer, or key employee of the school;
- An immediate family member of an owner, director, trustee, officer, or key employee of the school;
- An individual who has a material financial interest in the school;
- An individual that has significant influence over the school;
- Consider:
 - Teachers
 - Office staff
 - Administrators
 - Board of directors
 - Those closely related to these individuals

Who is a Related Party-Organizations

- A corporation, trust, or similar entity or organization:
 - in which an individual who is a related party holds a material or controlling interest or serves as an officer or director of the organization;
 - that has a financial interest in the school or in which the school has a financial interest;
 - involved in the day-to-day operations of the school; or
 - existing exclusively or primarily for the benefit of the school.

Schedule 6: Principal Rollforward

DEBT PRINCIPAL ROLLFORWARD							
Line	A Lender Name	B % School Related	C June 30, 2020 Balance	D Principal Incurred	E Principal Paid	F Amount Forgiven	G June 30, 2021 Balance
7							-
8							-
9							-
10							-
11							-
12							-
13	TOTAL		-	-	-	-	-

- Include the percent of the debt that was used for school related items. An error will show if this is not included.
- Include the anticipated beginning balance, principal incurred, principal paid, and amount forgiven. Principal incurred is any additional funds the school received during this period.

Schedule 6: Interest Rollforward

		INTEREST ROLLFORWARD					
Line	A Lender Name	B Interest Rate	C June 30, 2020 Balance	D Interest Owed	E Interest Paid	F Forgiven Interest	G June 30, 2021 Balance
14							-
15							-
16							-
17							-
18							-
19							-
20	TOTAL		-	-	-	-	-

- The June 30, 2020 balance is the amount of interest owed as of June 30, 2020 that has not yet been paid (accrued interest).
- Include any interest owed based on the debt agreement for the remainder of the 2020-21 school year in Column D.
- Include the amount of interest the school anticipates paying in Column E for the school year. This should, at a minimum, be the amount required by the debt agreement.
- The ending balance must equal the amount owed as of the end of the year that has not yet been paid.

Schedule 6: Cash Flow

CASH FLOW					
The total cash receipts and payments that must be included in the cash flow are included in Line 21. Line 21 must equal line 34. If the amounts do not match an error message will show at the bottom of the schedule.					
Line	A Line Description	B Principal Incurred	C Principal Paid	D Interest Paid	E Total Principal & Interest Paid
21	TOTAL AMOUNT TO BE RECEIVED OR PAID	100,000	100,000	1,000	101,000
22	July 2020 Cash Receipts & Payments				-
23	August 2020 Cash Receipts & Payments				-
24	September 2020 Cash Receipts & Payments				-
25	October 2020 Cash Receipts & Payments				-
26	November 2020 Cash Receipts & Payments				-
27	December 2020 Cash Receipts & Payments				-
28	January 2021 Cash Receipts & Payments				-
29	February 2021 Cash Receipts & Payments				-
30	March 2021 Cash Receipts & Payments				-
31	April 2021 Cash Receipts & Payments				-
32	May 2021 Cash Receipts & Payments				-
33	June 2021 Cash Receipts & Payments				-
34	TOTAL CASH RECEIPTS & PAYMENTS	-	-	-	-

Cash payments equal rollforward?

BALANCES DO
NOT EQUAL

BALANCES DO
NOT EQUAL

BALANCES DO
NOT EQUAL

- Include when new principal will be received by the school and when principal and interest will be paid.
- These amounts must equal the amount per the rollforwards. If they do not, the line on the bottom will show “Balances do not equal” and errors will show on the error report.

Debt Attachments

- If the school currently has the debt, a current statement from the lender showing the principal balance. This includes a statement for lines of credit that currently have \$0 taken out.
- A current debt agreement or evidence the school is obtaining the debt. If the school does not yet have the agreement, the evidence must include:
 - The lender's name,
 - The estimated amount to be provided, and
 - A statement that the lender will provide the funds to the school.
- If there isn't a debt agreement in place by May 1st, evidence is required by May 1st and the final agreement must be provided for the DPI to make its final determination, which must be made no later than August 1st.

Debt Attachments (cont)

- Related parties that are providing debt must also provide:
 - Current bank statement showing the funding is available.
 - Income statement and balance sheet if it is a related party organization.

Schedule 11-1 Explanations

- If you have any new debt principal during the school year, you will be required to explain:
 - Where the school is at in the process
 - Who the school plans on obtaining the loan from
 - When the school anticipates receiving the loan
 - The amount that will be provided
 - When it will be provided
 - The expected interest rate
 - If an agreement is already in place

Debt Example 1

- The school has a line of credit with Associated Bank. The date of the agreement is 6/15/20 and the loan matures 6/15/21. As of June 30, 2020 the school had not taken out any money from the line of credit. The interest rate is 3%. During the 2020-21 school year the school plans on:
 - Taking out \$100,000 (\$50,000 in October and February);
 - Repaying \$100,000 (\$50,000 in December and June); and
 - Owing and paying interest of \$1,000 (\$500 in December and June).
- \$80,000 of the line of credit is used for payroll for educational programming. The remaining \$20,000 is used for the church and daycare payroll.

Debt Example 1 Answer

		DEBT PRINCIPAL SUMMARY					
Line	A Lender Name	B Date Incurred	C Maturity Date	D Related Party?	E Related Party Relationship	F Line of Credit	
1							
2							
3							
4							
5							
6							
		DEBT PRINCIPAL ROLLFORWARD					
Line	A Lender Name	B % School Related	C June 30, 2020 Balance	D Principal Incurred	E Principal Paid	F Amount Forgiven	G June 30, 2021 Balance
7							-
8							-
9							-
10							-
11							-
12							-
13	TOTAL		-	-	-	-	-
		INTEREST ROLLFORWARD					
Line	A Lender Name	B Interest Rate	C June 30, 2020 Balance	D Interest Owed	E Interest Paid	F Forgiven Interest	G June 30, 2021 Balance
14							-
15							-
16							-
17							-
18							-
19							-
20	TOTAL		-	-	-	-	-

- The school has a line of credit with Associated Bank.
- The date of the agreement is 6/15/20 and the loan matures 6/15/21.
- As of June 30, 2020 the school had not taken out any money from the line of credit.
- The interest rate is 3%. \$1,000 of interest is owed during the year based on the debt agreement.
- During the 2020-21 school year the school plans on:
 - Taking out \$100,000;
 - Repaying \$100,000; and
 - Owning and paying interest of \$1,000.
- \$80,000 of the line of credit is used for payroll for educational programming. The remaining \$20,000 is used for the church and daycare payroll.

Debt Example 1 Answer (cont)

CASH FLOW					
The total cash receipts and payments that must be included in the cash flow are included in Line 21. Line 21 must equal line 34. If the amounts do not match an error message will show at the bottom of the schedule.					
Line	A Line Description	B Principal Incurred	C Principal Paid	D Interest Paid	E Total Principal & Interest Paid
21	TOTAL AMOUNT TO BE RECEIVED OR PAID	100,000	100,000	1,000	101,000
22	July 2020 Cash Receipts & Payments				-
23	August 2020 Cash Receipts & Payments				-
24	September 2020 Cash Receipts & Payments				-
25	October 2020 Cash Receipts & Payments				-
26	November 2020 Cash Receipts & Payments				-
27	December 2020 Cash Receipts & Payments				-
28	January 2021 Cash Receipts & Payments				-
29	February 2021 Cash Receipts & Payments				-
30	March 2021 Cash Receipts & Payments				-
31	April 2021 Cash Receipts & Payments				-
32	May 2021 Cash Receipts & Payments				-
33	June 2021 Cash Receipts & Payments				-
34	TOTAL CASH RECEIPTS & PAYMENTS	-	-	-	-

Cash payments equal rollforward?

BALANCES DO NOT EQUAL
BALANCES DO NOT EQUAL
BALANCES DO NOT EQUAL

- Taking out \$100,000 (\$50,000 in October and February);
- Repaying \$100,000 (\$50,000 in December and June); and
- Paying interest of \$1,000 (\$500 in December and June).

Debt Example 2

- The school plans on obtaining a \$6,000 loan on 9/1/20 from Lisa Smith, who is a member of the board.
- The debt agreement requires that the school repay \$2,000 of principal and \$300 of interest each year in June.
- The maturity date is June 15, 2023.
- The school plans on using the loan proceeds only for educational programming.

Debt Example 2 Answer

		DEBT PRINCIPAL SUMMARY					
Line	A Lender Name	B Date Incurred	C Maturity Date	D Related Party?	E Related Party Relationship	F Line of Credit	
1							
2							
3							
4							
5							
6							
		DEBT PRINCIPAL ROLLFORWARD					
Line	A Lender Name	B % School Related	C June 30, 2020 Balance	D Principal Incurred	E Principal Paid	F Amount Forgiven	G June 30, 2021 Balance
7							-
8							-
9							-
10							-
11							-
12							-
13	TOTAL		-	-	-	-	-
		INTEREST ROLLFORWARD					
Line	A Lender Name	B Interest Rate	C June 30, 2020 Balance	D Interest Owed	E Interest Paid	F Forgiven Interest	G June 30, 2021 Balance
14							-
15							-
16							-
17							-
18							-
19							-
20	TOTAL		-	-	-	-	-

- The school plans on obtaining a \$6,000 loan on 9/1/20 from Lisa Smith, who is a member of the board.
- The debt agreement requires that the school repay \$2,000 of principal and \$300 of interest each year in June.
- The maturity date is June 15, 2023.
- The school plans on using the loan proceeds only for educational programming.

Debt Example 2 Answer (cont)

CASH FLOW					
The total cash receipts and payments that must be included in the cash flow are included in Line 21. Line 21 must equal line 34. If the amounts do not match an error message will show at the bottom of the schedule.					
Line	A Line Description	B Principal Incurred	C Principal Paid	D Interest Paid	E Total Principal & Interest Paid
21	TOTAL AMOUNT TO BE RECEIVED OR PAID	106,000	102,000	1,300	103,300
22	July 2020 Cash Receipts & Payments				-
23	August 2020 Cash Receipts & Payments				-
24	September 2020 Cash Receipts & Payments				-
25	October 2020 Cash Receipts & Payments	50,000			-
26	November 2020 Cash Receipts & Payments				-
27	December 2020 Cash Receipts & Payments		50,000	500	50,500
28	January 2021 Cash Receipts & Payments				-
29	February 2021 Cash Receipts & Payments	50,000			-
30	March 2021 Cash Receipts & Payments				-
31	April 2021 Cash Receipts & Payments				-
32	May 2021 Cash Receipts & Payments				-
33	June 2021 Cash Receipts & Payments		50,000	500	50,500
34	TOTAL CASH RECEIPTS & PAYMENTS	100,000	100,000	1,000	101,000

Cash payments equal rollforward?

BALANCES DO NOT EQUAL

BALANCES DO NOT EQUAL

BALANCES DO NOT EQUAL

- The school plans on obtaining a \$6,000 loan on 9/1/20 from Lisa Smith, who is a member of the board.
- The debt agreement requires that the school repay \$2,000 of principal and \$300 of interest each year in June.

Debt Example 3

- The school obtained a new loan from US bank for \$1,000,000 on 8/15/18. \$250,000 of the proceeds from the US Bank loan were used for expenses for the church and the other \$750,000 of the proceeds were used for expenses for K-12 educational programming. The debt's maturity date is 8/15/28. The interest rate is 4%.
- As of June 30, 2020 the school anticipates the balance on the loan will be \$850,000 with \$2,000 of interest that was owed but not paid.
- During each year, the debt agreement requires that the school make quarterly payments of \$25,000 principal and \$6,000 interest in August, November, February, and May (for a total of \$100,000 principal repaid and \$24,000 interest paid per year). The amount of interest owed during the year (accrued) was \$24,000.

Debt Example 3 Answer

		DEBT PRINCIPAL SUMMARY					
Line	A Lender Name	B Date Incurred	C Maturity Date	D Related Party?	E Related Party Relationship	F Line of Credit	
1							
2							
3							
4							
5							
6							
		DEBT PRINCIPAL ROLLFORWARD					
Line	A Lender Name	B % School Related	C June 30, 2020 Balance	D Principal Incurred	E Principal Paid	F Amount Forgiven	G June 30, 2021 Balance
7							-
8							-
9							-
10							-
11							-
12							-
13	TOTAL		-	-	-	-	-
		INTEREST ROLLFORWARD					
Line	A Lender Name	B Interest Rate	C June 30, 2020 Balance	D Interest Owed	E Interest Paid	F Forgiven Interest	G June 30, 2021 Balance
14							
15							
16							
17							
18							
19							
20	TOTAL		-	-	-	-	

- The school obtained a new loan from US bank for \$1,000,000 on 8/15/18. \$250,000 of the proceeds from the US Bank loan were used for expenses for the church and the other \$750,000 of the proceeds were used for expenses for K-12 educational programming. The debt's maturity date is 8/15/28. The interest rate is 4%.
- As of June 30, 2020 the school anticipates the balance on the loan will be \$850,000 with \$2,000 of interest that was owed but not paid.
- During each year, the debt agreement requires that the school make quarterly payments of \$25,000 principal and \$6,000 interest in August, November, February, and May (for a total of \$100,000 principal repaid and \$24,000 interest paid per year). The amount of interest owed during the year (accrued) was \$24,000.

Debt Example 3 Answer (cont)

CASH FLOW					
The total cash receipts and payments that must be included in the cash flow are included in Line 21. Line 21 must equal line 34. If the amounts do not match an error message will show at the bottom of the schedule.					
Line	A Line Description	B Principal Incurred	C Principal Paid	D Interest Paid	E Total Principal & Interest Paid
21	TOTAL AMOUNT TO BE RECEIVED OR PAID	106,000	202,000	25,300	227,300
22	July 2020 Cash Receipts & Payments				-
23	August 2020 Cash Receipts & Payments				-
24	September 2020 Cash Receipts & Payments	6,000			-
25	October 2020 Cash Receipts & Payments	50,000			-
26	November 2020 Cash Receipts & Payments				-
27	December 2020 Cash Receipts & Payments		50,000	500	50,500
28	January 2021 Cash Receipts & Payments				-
29	February 2021 Cash Receipts & Payments	50,000			-
30	March 2021 Cash Receipts & Payments				-
31	April 2021 Cash Receipts & Payments				-
32	May 2021 Cash Receipts & Payments				-
33	June 2021 Cash Receipts & Payments		52,000	800	52,800
34	TOTAL CASH RECEIPTS & PAYMENTS	106,000	102,000	1,300	103,300

Cash payments equal rollforward? OK

BALANCES DO NOT EQUAL BALANCES DO NOT EQUAL

- During each year, the debt agreement requires that the school make quarterly payments of \$25,000 principal and \$6,000 interest in August, November, February, and May (for a total of \$100,000 principal repaid and \$24,000 interest paid per year). The amount of interest owed during the year (accrued) was \$24,000.

Schedule 7-1: Net Asset Schedule

		LIABILITIES			
	A	B	C	D	E
Line	Item	June 30, 2020	Forgiven Liabilities (A)	Category Changes (A)	June 30, 2021
13	Payroll and Related Benefits	-			-
14	Tax Withholdings and FICA-Medicare	-			-
15	Vendor and Other Accounts Payable	-			-
16	Deferred Revenue	-			-
17	Accrued Interest Expense	-			-
18	Current Portion of Lease Liability	-			-
19	Current Portion of Debt	-			-
20	Total Current Liabilities	-			-
21	Long Term Portion of Lease Liability	-			-
22	Long Term Portion of Debt				
23	Other Liabilities (A)				-
24	TOTAL LIABILITIES	-	-	-	-

- Debt automatically defaults to short term (Line 19). If any is due after a year, it should be included as long term (Line 22). If all of the principal for the debt is due within a year, insert 0 in Line 22.
- Debt must be included on Schedule 6 in the correct category. It cannot be directly added to this schedule. If Line 19 is negative, the school will receive an error.

Schedule 7-1: Net Asset Schedule

DEBT PRINCIPAL ROLLFORWARD							
Line	A Lender Name	B % School Related	C June 30, 2020 Balance	D Principal Incurred	E Principal Paid	F Amount Forgiven	G June 30, 2021 Balance
7	Associated Bank	80%		100,000	100,000		-
8	Lisa Smith	100%		6,000	2,000		4,000
9	US Bank	75%	850,000		100,000		750,000
10							-
11							-
12							-
13	TOTAL		850,000	106,000	202,000	-	754,000

- Determine the long term portion of debt payments that should be on Line 22 based on our example.
 - US Bank Debt Agreement (began 8-18): Requires that the school pay \$100,000 of principal each year.
 - Lisa Smith Agreement (began 9-20): Requires that the school repay \$2,000 of principal each year.

Schedule 7-1: Net Asset Schedule

		LIABILITIES			
Line	A Item	B June 30, 2020	C Forgiven Liabilities (A)	D Category Changes (A)	E June 30, 2021
13	Payroll and Related Benefits	-			-
14	Tax Withholdings and FICA-Medicare	-			-
15	Vendor and Other Accounts Payable	-			-
16	Deferred Revenue	-			-
17	Accrued Interest Expense	2,000			2,000
18	Current Portion of Lease Liability	60,000			60,000
19	Current Portion of Debt	850,000			754,000
20	Total Current Liabilities	912,000			816,000
21	Long Term Portion of Lease Liability	180,000			120,000
22	Long Term Portion of Debt				
23	Other Liabilities (A)				-
24	TOTAL LIABILITIES	1,092,000	-	-	936,000

- Determine the long term portion of debt payments that should be on Line 22 based on our example.

What are the required attachments?

Required Attachment	Example 1- Line of Credit with Unrelated Bank	Example 2- Debt with Board Member	Example 3- Ten Year Loan with Unrelated Bank
Debt agreement or evidence of obtaining debt			
Statement from lender showing current balance			
Bank statement showing availability of lender debt			
Financial statements from lender			

ELIGIBLE EDUCATION EXPENSE REVIEW

Could the Board Designate the Following as Eligible Costs?

	Eligible Cost (Yes or No)
Cost for paying a teacher to watch school age students in an after school program.	
Cost of providing lunch for the teachers.	
Purchase of a refrigerator that is paid using DPI food program funds.	
Payment of outstanding Accounts Payable in the subsequent school year.	

Could the Board Designate the Following as Eligible Costs?

	Eligible Cost (Yes or No)
Computer for administrative staff person who works 25% on the school and 75% on the church.	
Legal pro-bono work.	
Cost for extra-curricular football supplies.	
Cost for classroom supplies for a grade that does not have choice students in it.	
Salary costs for a pastor that teaches religious education at the school.	

Could the Board Designate the Following as Eligible Costs?

	Eligible Cost (Yes or No)
Fair market value of supplies that are donated by the administrator.	
Cost for stage materials for a drama club.	
Scholarship awarded to a student.	
The school and the church are the same legal entity. The church owns the building. The church charges the school rent.	

SCHEDULE 7: NET ASSETS

Schedule 7-Net Asset Schedule

- This is similar to a Statement of Financial Position (balance sheet)
- Schools that use its own budget for the annual Choice budget requirement are required to have a schedule of anticipated beginning and ending net assets. This schedule is an example of this required schedule.

Schedule 7-1: Assets

- The spaces that are white automatically fill in from other schedules.
- The school must fill in the cash, investments, and other assets.
- The June 30, 2021 column is based on the activity included in the budget.

		ASSETS			
Line	A Item	B June 30, 2020	C Uncollectable Accounts	D Category Changes (A)	E June 30, 2021
1	Cash				-
2	Short-Term Investments (A)				-
3	Current Receivables				
4	Prepaid Expenses	-			-
5	Total Current Assets	-			-
6	Fixed Assets	-			-
7	Accumulated Depreciation	-			-
8	Operating/Finance Lease Right of Use Assets	-			-
9	Long Term Receivables	-			-
10	Long Term Investments (A)				-
11	Other Assets (A)				-
12	TOTAL ASSETS	-	-	-	-

Schedule 7-1: Assets (cont)

		ASSETS			
Line	A Item	B June 30, 2020	C Uncollectable Accounts	D Category Changes (A)	E June 30, 2021
1	Cash				-
2	Short-Term Investments (A)				-
3	Current Receivables				
4	Prepaid Expenses	-			-
5	Total Current Assets	-			-
6	Fixed Assets	-			-
7	Accumulated Depreciation	-			-
8	Operating/Finance Lease Right of Use Assets	-			-
9	Long Term Receivables	-			-
10	Long Term Investments (A)				-
11	Other Assets (A)				-
12	TOTAL ASSETS	-	-	-	-

- As we discussed earlier, all receivables must be on Schedule 4-1 through 4-4 in the correct category. They cannot be directly added to this schedule.
- If the school included anything in bad debt expense on Schedule 3-2, the uncollectable amount must be included in Column C in the respective category.

Schedule 7-2: Investment Information

INVESTMENTS					
Include a description of what is included in the Investment accounts in Schedule 7-1, Lines 2 and 10. The total for each year must equal the amount on Schedule 7-1, Lines 2 and 10. The description must be sufficient to explain what is included on each line.					
Line	A Name of Fund/Banking Institute	B Endowment Fund	C Restricted?	D June 30, 2020	E June 30, 2021
1					
2					
3					
4					
5					
6					
7	TOTAL INVESTMENTS	-		-	-

- If any amounts are included in current or long term investments, include a list of the investments of the school on the top of Schedule 7-2.
- Identify if each investment is an endowment fund.
- Identify if each investment is restricted, meaning it can only be used for certain purposes. Investments are considered restricted if a donor who provides funds identifies a restriction or there is some other requirement to use the funds for certain purposes. Investments should not be identified as restricted if the restriction is only based on the school internally identifying it will use the money for a certain purpose.
- The total must match Schedule 7-1 or the school will receive an error.

Schedule 7-2: Other Assets & Liabilities

OTHER ASSETS			
Include a description of what is included in Other Assets in Schedule 7-1, Line 11. The total for each year must equal the amount on Schedule 7-1, Line 11. The description must be sufficient to explain what is included on each line.			
Line	A Description	B June 30, 2020	C June 30, 2021
8			
9			
10			
11			
12	TOTAL OTHER ASSETS	-	-

OTHER LIABILITIES			
Include a description of what is included in Other Liabilities in Schedule 7-1, Line 23. The total for each year must equal the amount on Schedule 7-1, Line 23. The description must be sufficient to explain what is included on each line.			
Line	A Description	B June 30, 2020	C June 30, 2021
13			
14			
15			
16			
17	TOTAL OTHER LIABILITIES	-	-

- The description of any Other Assets or Liabilities must be added to Schedule 7-2.
- The total must match Schedule 7-1 or the school will receive an error.

Schedule 7-1: Category Changes

		ASSETS			
Line	A Item	B June 30, 2020	C Uncollectable Accounts	D Category Changes (A)	E June 30, 2021
1	Cash				-
2	Short-Term Investments (A)				-
3	Current Receivables				
4	Prepaid Expenses	-			-
5	Total Current Assets	-			-
6	Fixed Assets	-			-
7	Accumulated Depreciation	-			-
8	Operating/Finance Lease Right of Use Assets	-			-
9	Long Term Receivables	-			-
10	Long Term Investments (A)				-
11	Other Assets (A)				-
12	TOTAL ASSETS	-	-	-	-
		LIABILITIES			
Line	A Item	B June 30, 2020	C Forgiven Liabilities (A)	D Category Changes (A)	E June 30, 2021
13	Payroll and Related Benefits	-			-
14	Tax Withholdings and FICA-Medicare	-			-
15	Vendor and Other Accounts Payable	-			-
16	Deferred Revenue	-			-
17	Accrued Interest Expense	-			-
18	Current Portion of Lease Liability	-			-
19	Current Portion of Debt	-			-
20	Total Current Liabilities	-			-
21	Long Term Portion of Lease Liability	-			-
22	Long Term Portion of Debt				
23	Other Liabilities (A)				-
24	TOTAL LIABILITIES	-	-	-	-
25	NET ASSETS	-			-

- If any amounts need to be moved to a different category, include them in the category changes column.
- If anything is included in this column, an explanation of the change must be included in Schedule 7-2.
- The net of the column must be \$0 or the school will receive an error.

Schedule 7-1: Liabilities

		LIABILITIES			
	A	B	C	D	E
Line	Item	June 30, 2020	Forgiven Liabilities (A)	Category Changes (A)	June 30, 2021
13	Payroll and Related Benefits	-			-
14	Tax Withholdings and FICA-Medicare	-			-
15	Vendor and Other Accounts Payable	-			-
16	Deferred Revenue	-			-
17	Accrued Interest Expense	-			-
18	Current Portion of Lease Liability	-			-
19	Current Portion of Debt	-			-
20	Total Current Liabilities	-			-
21	Long Term Portion of Lease Liability	-			-
22	Long Term Portion of Debt				
23	Other Liabilities (A)				-
24	TOTAL LIABILITIES	-	-	-	-

- Those spaces that are white automatically fill in from other schedules.
- The school must fill in the other liabilities.
- The June 30, 2021 column is based on the activity included in the budget.
- As we discussed earlier, debt must be included on Schedule 6 in the correct category. It cannot be directly added to this schedule.

Schedule 7-1: Net Asset Balance Schedule

- Expenses and payments from the other schedules are used in Schedule 7-1 to get to the June 30, 2021 balance.
- If any amounts are inserted in the “Forgiven Liabilities” column, they must be explained in Schedule 7-2.

		LIABILITIES			
	A	B	C	D	E
Line	Item	June 30, 2020	Forgiven Liabilities (A)	Category Changes (A)	June 30, 2021
13	Payroll and Related Benefits	-			-
14	Tax Withholdings and FICA-Medicare	-			-
15	Vendor and Other Accounts Payable	-			-
16	Deferred Revenue	-			-
17	Accrued Interest Expense	-			-
18	Current Portion of Lease Liability	-			-
19	Current Portion of Debt	-			-
20	Total Current Liabilities	-			-
21	Long Term Portion of Lease Liability	-			-
22	Long Term Portion of Debt				
23	Other Liabilities (A)				-
24	TOTAL LIABILITIES	-	-	-	-

Schedule 7-1: Net Current Obligations

		NET CURRENT OBLIGATIONS			
26	Net Current Obligation	-			-
	If the net current obligation is less than \$15,000, summarize how the entity plans to fund operations for the months of July, August, and September until the September 2021 Choice/SNSP payment.				
27					REQUIRED

- The net current obligation is the current assets compared to the current liabilities.
- If the amount is less than \$15,000, the school must explain how it will provide funding for the summer months or the school will receive an error.
- Line 26 should be positive.

Asset Example-Cash

- The beginning cash balance is \$50,000.

		ASSETS			
Line	A Item	B June 30, 2020	C Uncollectable Accounts	D Category Changes (A)	E June 30, 2021
1	Cash				(25,673)

Asset Example-Investments

- The school has the Clark Kent endowment fund owned by the legal entity of the school with a balance of \$500,000 as of June 30, 2020 and \$500,000 as of June 30, 2021. The principal on the endowment fund is restricted for emergency use only.
- The school is a beneficiary of the Bruce Wayne endowment fund, which is operated by Bruce Wayne enterprises. The fund has a balance of \$1 million as of June 30, 2020 and June 30, 2021.
- The school has a money market account with US Bank that has a balance of \$25,000 as of June 30, 2020 and \$20,000 as of June 30, 2021. The \$5,000 decrease was money that was used for general cash flows during the school year.

Asset Example-Investments Answer

	ASSETS			
A Item	B June 30, 2020	C Uncollectable Accounts	D Category Changes (A)	E June 30, 2021
Cash	50,000			24,327
Short-Term Investments (A)				-
Current Receivables	15,000			25,995
Prepaid Expenses	18,400			18,400
Total Current Assets	83,400			68,722
Fixed Assets	1,750,000			1,764,000
Accumulated Depreciation	(632,000)			(743,000)
Operating/Finance Lease Right of Use Assets	240,000			180,000
Long Term Receivables	35,000	2,000		18,000
Long Term Investments (A)				-
Other Assets (A)				-
TOTAL ASSETS	1,476,400	2,000	-	1,287,722

- The school has the Clark Kent endowment fund owned by the legal entity of the school with a balance of \$500,000 as of June 30, 2020 and \$500,000 as of June 30, 2021.
- The school has a money market account with US Bank that has a balance of \$25,000 as of June 30, 2020 and \$20,000 as of June 30, 2021.

Asset Example-Investments Answer (cont)

	ASSETS			
A	B	C	D	E
Item	June 30, 2020	Uncollectable Accounts	Category Changes (A)	June 30, 2021
Cash	50,000			24,327
Short-Term Investments (A)				-
Current Receivables	15,000			25,995
Prepaid Expenses	18,400			18,400
Total Current Assets	83,400			68,722
Fixed Assets	1,750,000			1,764,000
Accumulated Depreciation	(632,000)			(743,000)
Operating/Finance Lease Right of Use Assets	240,000			180,000
Long Term Receivables	35,000	2,000		18,000
Long Term Investments (A)				-
Other Assets (A)				-
TOTAL ASSETS	1,476,400	2,000	-	1,287,722

- The school has a money market account with US Bank that has a balance of \$25,000 as of June 30, 2020 and \$20,000 as of June 30, 2021.
- The \$5,000 decrease was money that was used for general cash flows during the school year.

Asset Example-Investments Answer (cont)

- The school has the Clark Kent endowment fund owned by the legal entity of the school with a balance of \$500,000 as of June 30, 2020 and \$500,000 as of June 30, 2021. The principal on the endowment fund is restricted for emergency use only.
- The school has a money market account with US Bank that has a balance of \$25,000 as of June 30, 2020 and \$5,000 as of June 30, 2021. The \$20,000 decrease was money that was used for general cash flows during the school year.

INVESTMENTS					
Include a description of what is included in the Investment accounts in Schedule 7-1, Lines 2 and 10. The total for each year must equal the amount on Schedule 7-1, Lines 2 and 10. The description must be sufficient to explain what is included on each line.					
Line	A Name of Fund/Banking Institute	B Endowment Fund	C Restricted?	D June 30, 2020	E June 30, 2021
1					
2					
3					
4					
5					
6					
7	TOTAL INVESTMENTS	-		-	-

Detail Matches Sch 7-1

June 30, 2020	June 30, 2021
ERROR	ERROR

Asset Example-Investments Answer (cont)

CATEGORY CHANGES & FORGIVEN LIABILITIES			
Include a description of any entries in Schedule 7-1, the Category Changes Column (Column D) or the Forgiven Liabilities Column (Column C). The description must be sufficient to explain what is included on each line. The amount in Column C must match the forgiven liabilities. Any category changes must net to zero.			
Line	A Line Effecting (# and Name)	B Source/Description	C Amount
18	Line 1	Moving cash from investments to cash	5,000
19	Line 2	Moving cash from investments to cash	(5,000)
20			
21			
22			
23			
24	TOTAL NON CASH CHANGE OR FORGIVEN LIABILITIES TOTALS		-

- The school has a money market account with US Bank that has a balance of \$25,000 as of June 30, 2020 and \$20,000 as of June 30, 2021. The \$5,000 decrease was money that was used for general cash flows during the school year.

Asset Example-Other Assets

	ASSETS			
A	B	C	D	E
Item	June 30, 2020	Uncollectable Accounts	Category Changes (A)	June 30, 2021
Cash	50,000		5,000	29,327
Short-Term Investments (A)	25,000		(5,000)	20,000
Current Receivables	15,000			25,995
Prepaid Expenses	18,400			18,400
Total Current Assets	108,400			93,722
Fixed Assets	1,750,000			1,764,000
Accumulated Depreciation	(632,000)			(743,000)
Operating/Finance Lease Right of Use Assets	240,000			180,000
Long Term Receivables	35,000	2,000		18,000
Long Term Investments (A)	500,000			500,000
Other Assets (A)				-
TOTAL ASSETS	2,001,400	2,000	-	1,812,722

- The school has a rental deposit of \$5,000 outstanding as of June 30, 2020 and June 30, 2021.

Asset Example-Other Assets (cont)

- The school has a rental deposit of \$5,000 outstanding as of June 30, 2020 and June 30, 2021.

OTHER ASSETS			
Include a description of what is included in Other Assets in Schedule 7-1, Line 11. The total for each year must equal the amount on Schedule 7-1, Line 11. The description must be sufficient to explain what is included on each line.			
Line	A Description	B June 30, 2020	C June 30, 2021
8			
9			
10			
11			
12	TOTAL OTHER ASSETS	-	-

ERROR

ERROR

Liabilities

- The liability section is already filled in based on the previous procedures.

		LIABILITIES			
Line	A Item	B June 30, 2020	C Forgiven Liabilities (A)	D Category Changes (A)	E June 30, 2021
13	Payroll and Related Benefits	19,400			19,400
14	Tax Withholdings and FICA-Medicare	-			-
15	Vendor and Other Accounts Payable	4,325			27,645
16	Deferred Revenue	11,500			15,000
17	Accrued Interest Expense	2,000			2,000
18	Current Portion of Lease Liability	60,000			60,000
19	Current Portion of Debt	100,000			102,000
20	Total Current Liabilities	197,225			226,045
21	Long Term Portion of Lease Liability	180,000			120,000
22	Long Term Portion of Debt	750,000			652,000
23	Other Liabilities (A)				-
24	TOTAL LIABILITIES	1,127,225	-	-	998,045

Knowledge Check

		ASSETS			
Line	A Item	B June 30, 2020	C Uncollectable Accounts	D Category Changes (A)	E June 30, 2021
1	Cash				159,781
2	Short-Term Investments (A)				-
3	Current Receivables				
4	Prepaid Expenses	400			400
5	Total Current Assets	400			160,181
6	Fixed Assets	250,000			225,000
7	Accumulated Depreciation	(15,000)			(40,000)
8	Operating/Finance Lease Right of Use Assets	-			-
9	Long Term Receivables	15,000			23,000

How can the school increase the receivable balance in Schedule 7-1 shown above?

- Include the additional receivable amount on Line 3 of Schedule 7-1.
- Include the additional receivable in Schedule 4-1 through 4-4, depending on the type of receivable.
- Include the additional receivable on Line 9 of Schedule 7-1.
- The school cannot add a receivable balance to the budget.

SCHEDULE 8-1 & 8-2: CASH FLOW

Schedule 8-1 & 8-2: Cash Flows

- Schedule 8-1 & 8-2: Anticipated Cash Flows July 2020-June 2021
- This is what your 'check book' will look like. It shows how much is coming in and going out.
- This schedule shows the results of the cash payments and receipts throughout the budget. This will automatically feed from the other schedules.

Schedule 8-1 & 8-2: Cash Flows

SCHEDULE 8-1: ANTICIPATED CASH FLOWS JULY - DECEMBER								
LN		Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Sub Total
1	Beginning Cash And Investment Balance	-	-	-	-	-	-	
		CASH RECEIPTS						
2	Choice State Aid				-		-	-
3	Special Needs Scholarship Program				-		-	-
4	Tuition and Fees <i>Sch 4-1</i>	-	-	-	-	-	-	-
5	Government Assistance <i>Sch 4-1</i>	-	-	-	-	-	-	-
6	Ext Contributions, Grants & Fundraising <i>Sch 4-2</i>	-	-	-	-	-	-	-
7	Church Offerings <i>Sch 4-2</i>	-	-	-	-	-	-	-
8	Related Party Organization Contributions <i>Sch 4-3</i>	-	-	-	-	-	-	-
9	Endowment Fund Income <i>Sch 4-3</i>	-	-	-	-	-	-	-
10	Other Investment Income <i>Sch 4-3</i>	-	-	-	-	-	-	-
11	Other Revenues <i>Sch 4-4</i>	-	-	-	-	-	-	-
12	Borrowing <i>Sch 6</i>	-	-	-	-	-	-	-
13	TOTAL CASH RECEIPTS	-	-	-	-	-	-	-
14	CASH BALANCE BEFORE PAYMENTS	-	-	-	-	-	-	
		CASH PAYMENTS						
15	Total Payroll Costs <i>Sch 3-1</i>	-	-	-	-	-	-	-
16	Utilities <i>Sch 3-2</i>	-	-	-	-	-	-	-
17	Supplies <i>Sch 3-2</i>	-	-	-	-	-	-	-
18	Non-Eligible Expenses <i>Sch 3-2</i>	-	-	-	-	-	-	-
19	Insurance <i>Sch 3-2</i>	-	-	-	-	-	-	-
20	Services <i>Sch 3-3</i>	-	-	-	-	-	-	-
21	Contractor <i>Sch 3-3</i>	-	-	-	-	-	-	-
22	Other Expenses <i>Sch 3-3</i>	-	-	-	-	-	-	-
23	Fixed Asset Payments <i>Sch 5-1</i>	-	-	-	-	-	-	-
24	Rent Payments <i>Sch 5-3</i>	-	-	-	-	-	-	-
25	Non-Rent Lease Payments <i>Sch 5-3</i>	-	-	-	-	-	-	-
26	Debt Principal & Interest Payments <i>Sch 6</i>	-	-	-	-	-	-	-
27	TOTAL CASH PAYMENTS	-	-	-	-	-	-	-
		ENDING CASH BALANCE						
28	ENDING CASH BALANCE WITH RESTRICTED FUNDS	-	-	-	-	-	-	
29	ENDING CASH BALANCE EXCLUDING RESTRICTED FUNDS	-	-	-	-	-	-	
		ENDING CASH BALANCE WITHOUT SNSP						
30	ENDING CASH BALANCE WITHOUT SNSP REVENUE	-	-	-	-	-	-	

Schedule 8-1 & 8-2: Cash Flows

- Ending Cash Balance on line 28 and 29 for each month MUST BE POSITIVE.
- If not, either revenue must increase or expenses must decrease:
 - Can you support the amount of revenues?
 - Are the expenses reflected appropriately?
 - Are the salaries reflected in the appropriate months of payment?
 - Is there a loan that will be needed in that month and will it be available?
 - Will the school be forced to back up the payment date of certain bills with a vendor agreement?
 - Will certain purchases need to wait until a later month?
 - How will you be able to pay your bills each month? Where will the money come from?

Cash Flow Review Activity

		Holy Love Church and School						
		SCHEDULE 8-1: ANTICIPATED CASH FLOWS JULY - DECEMBER						
LN		Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Sub Total
1	Beginning Cash And Investment Balance	575,000	570,550	533,600	465,950	630,951	552,026	
		CASH RECEIPTS						
2	Choice State Aid				153,626		153,626	307,251
3	Special Needs Scholarship Program				-		-	-
4	Tuition and Fees <i>Sch 4-1</i>	4,000	14,000	4,000	4,425	4,425	4,425	35,275
5	Government Assistance <i>Sch 4-1</i>	-	-	-	10,620	10,620	10,620	31,860
6	Ext Contributions, Grants & Fundraising <i>Sch 4-2</i>	-	-	-	10,000	-	15,000	25,000
7	Church Offerings <i>Sch 4-2</i>	10,000	10,000	10,000	10,000	10,000	10,000	60,000
8	Related Party Organization Contributions <i>Sch 4-3</i>	5,000	-	-	5,000	-	-	10,000
9	Endowment Fund Income <i>Sch 4-3</i>	-	-	-	-	-	-	-
10	Other Investment Income <i>Sch 4-3</i>	300	-	-	300	-	-	600
11	Other Revenues <i>Sch 4-4</i>	1,200	-	-	-	-	-	1,200
12	Borrowing <i>Sch 6</i>	-	-	6,000	50,000	-	-	56,000
13	TOTAL CASH RECEIPTS	20,500	24,000	20,000	243,971	25,045	193,671	527,186
14	CASH BALANCE BEFORE PAYMENTS	595,500	594,550	553,600	709,921	655,996	745,696	
		CASH PAYMENTS						
15	Total Payroll Costs <i>Sch 3-1</i>	19,400	19,400	49,100	49,100	49,100	49,100	235,200
16	Utilities <i>Sch 3-2</i>	1,700	1,700	1,700	1,700	1,700	1,700	10,200
17	Supplies <i>Sch 3-2</i>	1,125	1,125	1,125	1,125	1,125	1,125	6,750
18	Non-Eligible Expenses <i>Sch 3-2</i>	1,500	1,500	1,500	1,500	1,500	1,500	9,000
19	Insurance <i>Sch 3-2</i>	-	-	3,000	-	-	3,000	6,000
20	Services <i>Sch 3-3</i>	500	500	500	500	500	5,500	8,000
21	Contractor <i>Sch 3-3</i>	-	5,000	5,000	24,320	18,320	18,320	70,960
22	Other Expenses <i>Sch 3-3</i>	725	725	725	725	725	725	4,350
23	Fixed Asset Payments <i>Sch 5-1</i>	-	-	10,000	-	-	-	10,000
24	Rent Payments <i>Sch 5-3</i>	-	-	15,000	-	-	15,000	30,000
25	Non-Rent Lease Payments <i>5-3</i>	-	-	-	-	-	-	-
26	Debt Principal & Interest Payments <i>Sch 6</i>	-	31,000	-	-	31,000	50,500	112,500
27	TOTAL CASH PAYMENTS	24,950	60,950	87,650	78,970	103,970	146,470	502,960
		ENDING CASH BALANCE						
28	ENDING CASH BALANCE WITH RESTRICTED FUNDS	570,550	533,600	465,950	630,951	552,026	599,226	
29	ENDING CASH BALANCE EXCLUDING RESTRICTED FUNDS	70,550	33,600	(34,050)	130,951	52,026	99,226	

Cash Flow Review Activity

		Holy Love Church and School						
		SCHEDULE 8-1: ANTICIPATED CASH FLOWS JULY - DECEMBER						
LN		Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Sub Total
1	Beginning Cash And Investment Balance	575,000	570,550	533,600	465,950	630,951	552,026	
		CASH RECEIPTS						
2	Choice State Aid				153,626		153,626	307,251
3	Special Needs Scholarship Program				-		-	-
4	Tuition and Fees <i>Sch 4-1</i>	4,000	14,000	4,000	4,425	4,425	4,425	35,275
5	Government Assistance <i>Sch 4-1</i>	-	-	-	10,620	10,620	10,620	31,860
6	Ext Contributions, Grants & Fundraising <i>Sch 4-2</i>	-	-	-	10,000	-	15,000	25,000
7	Church Offerings <i>Sch 4-2</i>	10,000	10,000	10,000	10,000	10,000	10,000	60,000
8	Related Party Organization Contributions <i>Sch 4-3</i>	5,000	-	-	5,000	-	-	10,000
9	Endowment Fund Income <i>Sch 4-3</i>	-	-	-	-	-	-	-
10	Other Investment Income <i>Sch 4-3</i>	300	-	-	300	-	-	600
11	Other Revenues <i>Sch 4-4</i>	1,200	-	-	-	-	-	1,200
12	Borrowing <i>Sch 6</i>	-	-	6,000	50,000	-	-	56,000
13	TOTAL CASH RECEIPTS	20,500	24,000	20,000	243,971	25,045	193,671	527,186
14	CASH BALANCE BEFORE PAYMENTS	595,500	594,550	553,600	709,921	655,996	745,696	

Cash Flow Review Activity

		CASH PAYMENTS						
15	Total Payroll Costs <i>Sch 3-1</i>	19,400	19,400	49,100	49,100	49,100	49,100	235,200
16	Utilities <i>Sch 3-2</i>	1,700	1,700	1,700	1,700	1,700	1,700	10,200
17	Supplies <i>Sch 3-2</i>	1,125	1,125	1,125	1,125	1,125	1,125	6,750
18	Non-Eligible Expenses <i>Sch 3-2</i>	1,500	1,500	1,500	1,500	1,500	1,500	9,000
19	Insurance <i>Sch 3-2</i>	-	-	3,000	-	-	3,000	6,000
20	Services <i>Sch 3-3</i>	500	500	500	500	500	5,500	8,000
21	Contractor <i>Sch 3-3</i>	-	5,000	5,000	24,320	18,320	18,320	70,960
22	Other Expenses <i>Sch 3-3</i>	725	725	725	725	725	725	4,350
23	Fixed Asset Payments <i>Sch 5-1</i>	-	-	10,000	-	-	-	10,000
24	Rent Payments <i>Sch 5-3</i>	-	-	15,000	-	-	15,000	30,000
25	Non-Rent Lease Payments <i>5-3</i>	-	-	-	-	-	-	-
26	Debt Principal & Interest Payments <i>Sch 6</i>	-	31,000	-	-	31,000	50,500	112,500
27	TOTAL CASH PAYMENTS	24,950	60,950	87,650	78,970	103,970	146,470	502,960
		ENDING CASH BALANCE						
28	ENDING CASH BALANCE WITH RESTRICTED FUNDS	570,550	533,600	465,950	630,951	552,026	599,226	
29	ENDING CASH BALANCE EXCLUDING RESTRICTED FUNDS	70,550	33,600	(34,050)	130,951	52,026	99,226	

SCHEDULE 9: CURRENT OPERATING BALANCES

Schedule 9: Current Operating Balance

- This schedule is similar to the Statement of Activities (income statement).
- This schedule compares the school's revenues to the school's expenses, asset purchases, and debt related payments and receipts.

SCHEDULE 9: NET OPERATING BALANCES & NET INCOME/LOSS Budget for the period from July 1, 2020 to June 30, 2021		
NET OPERATING BALANCE		
There may not be a negative balance (deficit) on line 21 or net loss on line 29. Participants in the SNSP also may not have a negative balance (deficit) on line 22 or net loss on line 30. If one of these lines is negative, the budget must be adjusted to remove the negative balance.		
Line	A Item	B Amount
1	Choice Revenue	-
2	SNSP Revenue	-
3	TOTAL CHOICE & SNSP REVENUE	-
4	Tuition & Fees <i>Sch 4-1</i>	-
5	Government Assistance <i>Sch 4-1</i>	-
6	Contributions, Non-Gvmt Grants, Fundraising, & Church Offerings <i>Sch 4-2</i>	-
7	Related Party Organization Contributions & Investment Income <i>Sch 4-3</i>	-
8	Other Revenues <i>Sch 4-4</i>	-
9	TOTAL NON-CHOICE REVENUE	-
10	TOTAL REVENUE	-
11	Payroll Related Costs <i>Sch 3-1</i>	-
12	Utilities & Supplies <i>Sch 3-2</i>	-
13	Non Eligible Expenses <i>Sch 3-2</i>	-
14	Insurance <i>Sch 3-2</i>	-
15	Services, Contractor & Other Expenses <i>Sch 3-3</i>	-
16	TOTAL OPERATING EXPENSES	-
17	Less: Fixed Asset Purchases & Lease Payments <i>Sch 5-1 & 5-3</i>	-
18	Less: Debt Principal & Interest Payments Owed <i>Sch 6</i>	-
19	Plus: Principal Incurred <i>Sch 6</i>	-
20	TOTAL FIXED ASSET & DEBT USES	-
21	TOTAL BUDGET BALANCE (DEFICIT)	-
22	TOTAL BUDGET BALANCE (DEFICIT) WITHOUT SNSP REVENUE	-

- Ensure there is no budget balance deficit on Line 21.
- If there is, the budget must be adjusted to remove it or the school will not meet the Choice requirements.

Budget Balance Deficit

		NET OPERATING BALANCE	
Line	A Item	B Amount	
1	Choice Revenue	614,502	
2	SNSP Revenue	-	
3	TOTAL CHOICE & SNSP REVENUE	614,502	
4	Tuition & Fees <i>Sch 4-1</i>	73,700	
5	Government Assistance <i>Sch 4-1</i>	106,200	
6	Contributions, Non-Gvmt Grants, Fundraising, & Church Offerings <i>Sch 4-2</i>	142,000	
7	Related Party Organization Contributions & Investment Income <i>Sch 4-3</i>	30,200	
8	Other Revenues <i>Sch 4-4</i>	1,200	
9	TOTAL NON-CHOICE REVENUE	353,300	
10	TOTAL REVENUE	967,802	
11	Payroll Related Costs <i>Sch 3-1</i>	529,800	
12	Utilities & Supplies <i>Sch 3-2</i>	33,900	
13	Non Eligible Expenses <i>Sch 3-2</i>	20,000	
14	Insurance <i>Sch 3-2</i>	12,000	
15	Services, Contractor & Other Expenses <i>Sch 3-3</i>	235,300	
16	TOTAL OPERATING EXPENSES	(831,000)	
17	Less: Fixed Asset Purchases & Lease Payments <i>Sch 5-1 & 5-3</i>	74,000	
18	Less: Debt Principal & Interest Payments Owed <i>Sch 6</i>	227,300	
19	Plus: Principal Incurred <i>Sch 6</i>	106,000	
20	TOTAL FIXED ASSET & DEBT USES	(195,300)	
21	TOTAL BUDGET BALANCE (DEFICIT)	(58,498)	
22	TOTAL BUDGET BALANCE (DEFICIT) WITHOUT SNSP REVENUE	(58,498)	

The budget balance compares:

- Choice & SNSP revenue and other revenue in Schedule 4.

TO

- Expenses in Schedule 3, fixed asset purchases and lease payments in Schedule 5, and debt in Schedule 6.

Net Income/Loss

		NET INCOME/LOSS
23	TOTAL REVENUE <i>Line 10</i>	967,802
24	Total Operating Expenses <i>Line 16</i>	831,000
25	Depreciation Expense <i>Sch 5-1</i>	111,000
26	Lease Payments <i>Sch 5-3</i>	60,000
27	Interest Expense <i>Sch 6</i>	25,300
28	TOTAL EXPENSES	1,027,300
29	NET INCOME/LOSS	(59,498)
30	NET INCOME/LOSS WITHOUT SNSP REVENUE	(59,498)

The net income
compares:

- Choice & SNSP revenue and other revenue in Schedule 4.

TO

- Expenses in Schedule 3, depreciation expense and lease payments in Schedule 5, and interest expense in Schedule 6.

SCHEDULE 10: RESERVE BALANCE

Schedule 10: Reserve Balance

- This schedule compares the Choice (and SNSP) revenue the school received to the eligible education expenses and offsetting revenue. It then calculates the Choice (and SNSP) reserve balance.
- If a school uses its own budget template, the budget must include estimated revenue offsetting to the Choice program and estimated eligible education expenses.
- Schools are strongly encouraged to determine their expected reserve balance throughout the year.

Program Revenue Received

Line	A Line Description	B Choice	C SNSP
1	Prior Year Reserve Balance		
2	Current Year Program Revenue Received	614,502	-
3	Summer School Program Revenue Received	-	-
4	Total Program Revenue Available	614,502	-
5	Eligible Education Expenses	797,726	797,726
6	Less: Government Assistance Received for Eligible Education Expenses	106,200	106,200
7	Less: Fundraising Revenue up to Non-Administrative Fundraising Expenses in Line 5	2,500	2,500
8	Less: Insurance Proceeds Received for Eligible Education Expenses		-
9	Less: Primarily SNSP Expenses	-	-
10	Net Eligible Education Expenses for All Pupils	689,026	689,026
11	Percentage of Pupils in Program	68%	0%
12	Net Eligible Education Expenses for Program Participants	471,439	-

- The Choice and SNSP revenue is included on Lines 2 and 3. The total program revenue is on Line 4.

Net Eligible Education Expenses for All Pupils

Line	A Line Description	B Choice	C SNSP
1	Prior Year Reserve Balance		
2	Current Year Program Revenue Received	614,502	-
3	Summer School Program Revenue Received	-	-
4	Total Program Revenue Available	614,502	-
5	Eligible Education Expenses	797,726	797,726
6	Less: Government Assistance Received for Eligible Education Expenses	106,200	106,200
7	Less: Fundraising Revenue up to Non-Administrative Fundraising Expenses in Line 5	2,500	2,500
8	Less: Insurance Proceeds Received for Eligible Education Expenses		-
9	Less: Primarily SNSP Expenses	-	-
10	Net Eligible Education Expenses for All Pupils	689,026	689,026
11	Percentage of Pupils in Program	68%	0%
12	Net Eligible Education Expenses for Program Participants	471,439	-

- The eligible education expenses are based on the educational programming expenses in Schedules 3, 5, and 6.
- The eligible education expenses are decreased by the offsetting revenues in Schedule 4.
- Net eligible education expenses for all pupils at the school are the school's eligible education expenses less any offsetting revenue.

Net Eligible Education Expenses for Program Participants

Line	A Line Description	B Choice	C SNSP
1	Prior Year Reserve Balance		
2	Current Year Program Revenue Received	614,502	-
3	Summer School Program Revenue Received	-	-
4	Total Program Revenue Available	614,502	-
5	Eligible Education Expenses	797,726	797,726
6	Less: Government Assistance Received for Eligible Education Expenses	106,200	106,200
7	Less: Fundraising Revenue up to Non-Administrative Fundraising Expenses in Line 5	2,500	2,500
8	Less: Insurance Proceeds Received for Eligible Education Expenses		-
9	Less: Primarily SNSP Expenses	-	-
10	Net Eligible Education Expenses for All Pupils	689,026	689,026
11	Percentage of Pupils in Program	68%	0%
12	Net Eligible Education Expenses for Program Participants	471,439	-

- The net eligible education expenses for all pupils are multiplied by the percent of the pupils participating in the program.
- The percent of the pupils participating in the program is based on the FTEs for the pupils entered in Schedule 2.

Primarily SNSP Expenses

- Lines 13-16 represent the costs and related offsetting revenues that are designated as primarily for SNSP pupils. See the SNSP Eligible Education Expenses Bulletin on the SNSP Bulletins webpage for additional information.

12	Net Eligible Education Expenses for Program Participants	471,439	-
13	Plus: Primarily SNSP Expenses		
14	Less: Government Assistance Received for Primarily SNSP Expenses		
15	Less: Fundraising Revenue up to Non-Administrative Fundraising Expenses in Line 13		
16	Less: Insurance Proceeds Received for Primarily SNSP Expenses		
17	Total Net Eligible Education Expenses for Program Participants	471,439	-

Reserve Balance

	RESERVE BALANCE CALCULATION		
Line	A Line Description	B Choice	C SNSP
1	Prior Year Reserve Balance		
2	Current Year Program Revenue Received	614,502	-
3	Summer School Program Revenue Received	-	-
4	Total Program Revenue Available	614,502	-
5	Eligible Education Expenses	797,726	797,726
6	Less: Government Assistance Received for Eligible Education Expenses	106,200	106,200
7	Less: Fundraising Revenue up to Non-Administrative Fundraising Expenses in Line 5	2,500	2,500
8	Less: Insurance Proceeds Received for Eligible Education Expenses		-
9	Less: Primarily SNSP Expenses	-	-
10	Net Eligible Education Expenses for All Pupils	689,026	689,026
11	Percentage of Pupils in Program	68%	0%
12	Net Eligible Education Expenses for Program Participants	471,439	-
13	Plus: Primarily SNSP Expenses		
14	Less: Government Assistance Received for Primarily SNSP Expenses		
15	Less: Fundraising Revenue up to Non-Administrative Fundraising Expenses in Line 13		
16	Less: Insurance Proceeds Received for Primarily SNSP Expenses		
17	Total Net Eligible Education Expenses for Program Participants	471,439	-
18	June 30, 2021 Reserve Balance	143,063	-

- The Choice revenue received is compared to net eligible education expenses for program participants. This results in the reserve balance.

Required Cash & Investment Balance

18	June 30, 2021 Reserve Balance	143,063	-
	REQUIRED CASH & INVESTMENT BALANCE		
19	Remaining Depreciation on Fixed Assets	1,021,000	
20	TOTAL REQUIRED CASH AND INVESTMENT BALANCE	-	
21	Cash & Investment Balance	549,327	
22			

- The reserve is decreased by the remaining depreciation on fixed assets to determine the amount of cash and investments that must be maintained.
- If your cash and investment balance is not at least as much as the amount on line 20, you will be required to increase your cash and investment balance or decrease the reserve. An error will show on the error page until this is resolved.

Reserve Requirements

- The school must maintain the reserve balance, if positive, for future eligible education expenses.
- The school carries forward the reserve balance, whether positive or negative, to the next year.
- If the school ceases to participate or is barred from all Choice Programs or the SNSP, the school will be required to repay the reserve balance, if positive, to the DPI.

Negative Reserve Balance

- The school has spent more for K-12 educational programming for program pupils than the amount received from the program.
- The school will need to have funding sources other than program funds to pay for the additional costs.

Positive Reserve Balance

- The school has spent less on K-12 educational programming for program pupils than the amount received from the program.
- The school has not fully spent the money the department will provide for educational programming for program pupils.
- The school must have an audited year-end cash and investment balance(s) as reported on the statement of financial position that is at least as much as the required cash and investment balance.
- If the school does not maintain the required Choice reserve balance, it must repay the reserve balance to the department.

Knowledge Check #1

A school has total eligible education expenses of \$1,050,000. The school receives \$50,000 from the USDA food program, \$500,000 in tuition from non-Choice pupils, and \$10,000 in fees. 10% of the school participates in the Choice programs. What are the school's net eligible education expenses?

Description	Amount
Eligible Education Expenses	
Less: Offsetting Revenue	
Net Eligible Education Expenses	

Knowledge Check #2

- A school has \$1,000,000 of net eligible education expenses in the 2020-21 school year. 10% of the school's K-12 FTE is participating in the Choice program. What is the school's net eligible education expenses for the Choice program?

Description	Amount
Net Eligible Education Expenses	
Times: Percent of School in Program	
Net Eligible Education Expenses for Choice Pupils	

Knowledge Check #3

- A school in its first year of participation in the Choice program has \$100,000 of net eligible education expenses for Choice pupils. The school received \$115,000 of Choice program revenue during the year. What is the school's Choice reserve balance at the end of the year?

Description	Amount
Choice Program Revenue	
Less: Net Eligible Education Expenses for Choice Pupils	
Choice Reserve Balance	

Knowledge Check #4

The school has a reserve balance of \$15,000. The school has \$10,000 of remaining depreciation on its fixed assets. What is the required cash and investment balance?

- a. \$25,000
- b. \$10,000
- c. \$15,000
- d. \$5,000

Knowledge Check #5

A school has a reserve balance of \$20,000. It decides to replace its roof at a cost of \$20,000. 25% of the K-12 FTE at the school participates in the Choice program. Based on the school's capitalization policy, building improvements have a useful life of 10 years. Which of the following is true?

- a) The school can include the full \$20,000 as an eligible education expense for Choice pupils because the school is reducing the reserve balance.
- b) The school can only include \$5,000 as an eligible education expense for Choice pupils because the \$20,000 must be multiplied by the percent of the school participating in the program. The amount will be included as eligible each year as the cost to replace the roof is depreciated.

SCHEDULE 11-1 AND 11-2

Schedule 11-1

- Based on the answers in previous schedules, the school may be required to provide additional explanations for specific items listed.

Schedule 11-2

- Insert the actual pupil counts and average tuition collected per pupil for the past three years.
- The average tuition collected may not include tuition that was covered by scholarships the school provides or discounts.

HISTORICAL PUPIL COUNTS					
Insert the actual enrollment for your school for the past three years. If your school was not in operation, leave the cells blank or insert 0. If you had K4 students in the previous 3 years, include them in Line 1 if the school has the K4 students in Schedule 2-1, Line 1 or Line 2 if the school included the K4 students in Schedule 2-1, Line 2.					
Line	A Item Description	B 2017-18 School Year	C 2018-19 School Year	D 2019-20 School Year	E Lowest Count
1	4-Year-Old K/437 Hours				-
2	4-Year-Old K/437 Hours + 87.5 Hrs. Outreach				-
3	5-Year-Old K/.5 Day				-
4	5-Year-Old K/3 Day				-
5	5-Year-Old K/4 Day				-
6	5-Year-Old K/Full Day				-
7	Grades 1-8				-
8	Grades 9-12				-
9	TOTAL ALL PUPIL COUNT	-	-	-	-
HISTORICAL AVERAGE TUITION					
Insert the average tuition received, after any scholarships or tuition discounts, in the last three years. If the school was not in operation for any of the last last three years, do not complete the related year's tuition.					
Line	A Item Description	B 2017-18 School Year	C 2018-19 School Year	D 2019-20 School Year	E Lowest Tuition Received
10	Average Tuition Received Per Pupil				0
CHOICE PUPIL COUNT					
11	What are the school's plans to reach the number of Choice/SNSP students included in the budget?				
REQUIRED					
TUITION PAYING PUPILS					
12	If the school did not operate in the 2019-20 school year, what are the school's plans for obtaining tuition paying pupils.				
NOT REQUIRED					

Knowledge Check

The school charged students \$5,000 of tuition per student. The school had 100 students in the 2018-19 school year. The school gives a \$2,000 discount if the students are church members. 80 of the students were church members. The school was not able to collect \$10,000 of tuition they charged. The school wrote off the \$10,000 in the 2019-20 school year. How much should be included in the average tuition collected per pupil for the 2018-19 school year?

Description	Amount
Total Charged ($\$5,000 \times 100$)	
Less: Member Discounts ($\$2,000 \times 80$)	
Less: Uncollectable Amount	
Total Tuition Received	

Knowledge Check-Schedule Completion

The school had 100 students in the 2018-19 school year.

Description	Amount
Total Charged (\$5,000 x 100)	
Less: Member Discounts (\$2,000 * 80)	
Less: Uncollectable Amount	
Total Tuition Received	

HISTORICAL AVERAGE TUITION					
Insert the average tuition received, after any scholarships or tuition discounts, in the last three years. If the school was not in operation for any of the last last three years, do not complete the related year's tuition.					
Line	A Item Description	B 2017-18 School Year	C 2018-19 School Year	D 2019-20 School Year	E Lowest Tuition Received
10	Average Tuition Received Per Pupil				0

SCHEDULE 12-1 & 12-2: LOW BUDGET

Provide information on the lowest budget at which the school can operate.

Schedule 12-1

LOWEST REGULAR SCHOOL YEAR PUPIL COUNTS									
Line	A Item Description	ALL PUPIL COUNT		CHOICE PUPIL COUNT					
		B Average FTE	C FTE Change	D Average MPCP Count	E Average WPCP Count	F Average RPCP Count	G Average FTE	H Sch 2-1 Average FTE	I FTE Change
1	4-Year-Old K-No Outreach	-	-				-	-	-
2	4-Year-Old K + Outreach	-	-				-	-	-
3	5-Year-Old K/5 Day	-	-				-	-	-
4	5-Year-Old K/3 Day	-	-				-	-	-
5	5-Year-Old K/4 Day	-	-				-	-	-
6	5-Year-Old K/Full Day	-	-				-	-	-
7	Grades 1-8	-	-				-	-	-
8	Grades 9-12	-	-				-	-	-
9	TOTAL	-	-	-	-	-	-	-	-
10	Average SNSP Students FTE								
LOWEST SUMMER SCHOOL PUPIL COUNTS									
Line	A Item Description			B Choice		C SNSP Full Scholarship		D SNSP Partial Scholarship	
11	2020 Summer School Grades K-8 Headcount								
12	2020 Summer School Grades 9-12 Headcount								

- Choice Pupil Count, SNSP Pupil Count, and Summer School Choice Pupil Counts: The pupil counts should be the lowest count at which:
 - The school would participate in the program; and
 - The school can operate at a breakeven point.
- This count cannot be lower than the all pupil count in Schedule 2 or the school will receive an error.

Schedule 12-1

LOWEST REGULAR SCHOOL YEAR PUPIL COUNTS									
Line	A Item Description	ALL PUPIL COUNT		CHOICE PUPIL COUNT					
		B Average FTE	C FTE Change	D Average MPCP Count	E Average WPCP Count	F Average RPCP Count	G Average FTE	H Sch 2-1 Average FTE	I FTE Change
1	4-Year-Old K-No Outreach	-	-				-	-	-
2	4-Year-Old K + Outreach	-	-				-	-	-
3	5-Year-Old K/5 Day	-	-				-	-	-
4	5-Year-Old K/3 Day	-	-				-	-	-
5	5-Year-Old K/4 Day	-	-				-	-	-
6	5-Year-Old K/Full Day	-	-				-	-	-
7	Grades 1-8	-	-				-	-	-
8	Grades 9-12	-	-				-	-	-
9	TOTAL	-	-	-	-	-	-	-	-
10	Average SNSP Students FTE								
LOWEST SUMMER SCHOOL PUPIL COUNTS									
Line	A Item Description			B Choice		C SNSP Full Scholarship		D SNSP Partial Scholarship	
11	2020 Summer School Grades K-8 Headcount								
12	2020 Summer School Grades 9-12 Headcount								

- Lowest All Pupil Count
 - The lowest pupil count from the prior school year (on Schedule 11-2).
- OR-
- 5% of non-Choice pupils in Schedule 2-1 plus the Choice pupils in the low budget.

Schedule 12-1

EXPLANATION OF CHANGES	
13	Will any positions be eliminated if the school has the lower pupil count identified above?
If the answer to 13 is yes, what positions will be eliminated? Who will complete the duties of the eliminated positions?	
14	
Describe any changes in the timing of cash receipts and cash payments.	
15	

- Explain what, if any, positions will be removed in the low budget and how their responsibilities will be covered.
- Describe any changes in the timing of cash receipt and payments.

Low Budget

		COST CHANGES				
Line	A Item Description	B Low Budget	C Current Budget	D Difference	E Explanation of Difference <i>If additional space is needed, attach an additional sheet.</i>	
1	Salaries <i>Sch 3-1</i>	-	-	-		
2	FICA, Medicare, & Unemployment Taxes <i>Sch 3-1</i>	-	-	-		OK
3	Employer Paid Benefits <i>Sch 3-1</i>	-	-	-		
4	Utilities & Supplies <i>Sch 3-2</i>	-	-	-		OK
5	Non Eligible Expenses <i>Sch 3-2</i>	-	-	-		OK
6	Insurance <i>Sch 3-2</i>	-	-	-		OK
7	Services, Contractor & Other Expenses <i>Sch 3-3</i>	-	-	-		OK
8	Fixed Asset Purchases & Lease Payments <i>Sch 5-1 & 5-3</i>	-	-	-		OK
9	TOTAL COSTS	-	-	-		
FINANCING SOURCES REDUCTIONS						
10	Choice Revenue <i>Sch 2 & 12-1</i>	-	-	-		
11	SNAP Revenue <i>Sch 2 & 12-1</i>	-	-	-		OK
12	Tuition & Fees <i>Sch 4-1</i>	-	-	-		OK
13	Government Assistance <i>Sch 4-1</i>	-	-	-		OK
14	Contributions, Non-Gvmt Grants, Fundraising, & Church Offerings <i>Sch 4-2</i>	-	-	-		OK
15	Related Party Organization Contributions & Investment Income <i>Sch 4-3</i>	-	-	-		OK
16	Other Revenues <i>Sch 4-4</i>	-	-	-		OK
17	TOTAL FINANCING SOURCES	-	-	-		
DEBT CHANGES						
18	Principal Incurred <i>Sch 6, Col D, Line 13</i>	-	-	-		
19	Principal Paid <i>Sch 6, Col E, Line 13</i>	-	-	-		OK
20	Interest Owed <i>Sch 6, Col D, Line 20</i>	-	-	-		
21	TOTAL DEBT	-	-	-		
22	CURRENT BUDGET BALANCE	-	-	-		0

- The low budget defaults to the current budget except for tuition & fees and government assistance. These must be completed, or the school will receive an error.
- If any changes will be made, include the adjusted amount and an explanation of the difference.

Low Budget Changes to Consider

- Expenses:
 - Not hire certain individuals. If so, decrease related payroll taxes and benefits.
 - Reduction in classroom supplies.
 - Reduce anticipated fixed asset purchases.
- Revenues:
 - Reduction in tuition and fees.
 - Reduction in government assistance (USDA food program revenue).
 - Increases in revenues cannot be included in Schedule 12-2, they must be included as contingency funding in Schedule 12-1.

Contingency Funding

- The school must have contingency funds identified.
- These funds must be available if the number of pupils that attend the school are less than anticipated. They must be funds not already being used in the budget.
- The contingency funds should be at least as much as the operating deficit in the low budget on Schedule 12-2 plus the greater of 5% of the expected Choice revenue in the low budget or \$20,000.
- The contingency funds must be available beyond 12 months.

Contingency Funding (cont)

CONTINGENCY FUNDING

What are the school's source(s) of contingency funds?

The school is required to have contingency funding sources. These must be additional funds, other than Choice and SNSP funds (including the reserve fund) not already used in this budget, that are available to the school. The contingency funding must be available for the school year in the budget and the subsequent school year. Contingency funding that must be repaid at the end of the school year in the budget is not sufficient. The contingency funding should be sufficient to cover any budget deficit on Schedule 12-2 PLUS a minimum of 5% of the expected Choice revenue for the low budget or \$20,000, whichever is greater. Complete the Source Type in Column B as follows: *"Individual"* if a person is providing the funds. *"Related Party Organization"* if the provider is an organization related to the school. See the instructions in Schedule 6 for additional information on who is a related party. If the operating organization is providing the contingency funds, this should be selected only if the operating organization is a separate legal entity from the school. *"Bank or Other Financial Institution Debt"* if the funds are debt from a bank or other financial institution. If contingency funding is to be from a line of credit, it must be renewable and the School must demonstrate a history of renewing the line of credit. *"Endowment Fund"* if the school will use an endowment fund. The name of the endowment fund must be indicated below and match the name on the bank statement provided as support. *"Available Cash"* if the school has cash available each month as identified on Schedule 8-1 and 8-2, Line 31. The name of source should be the school name. *"Unrelated Organization"* for all other organizations.

A Name of Source <i>General descriptions such as "bank account" are insufficient.</i>		B Source Type	C Amount Available for Contingency Funds
16			
17			
18			
19			
20			
21	TOTAL		-

- Identify the specific source name & type of contingency funding on the bottom of Schedule 12-1.

Schedule 12-1 Contingency Funds

<i>Fund Source</i>	<i>Bank Statement</i>	<i>Financial Statements</i>	<i>Written Agreement</i>	<i>Other</i>
Individual	*		*	
Related Party Organization	*	*	*	
Endowment Fund	*			Documents establishing fund
Unrelated Organization			*	
Bank or Other Financial Institution				See slide

- Bank Statement: Must be a statement dated no earlier than 2 months before the budget due date that shows the individual or organization has at least as much money available as identified in the contingency funding section.

Schedule 12-1 Contingency Funds (cont)

<i>Fund Source</i>	<i>Bank Statement</i>	<i>Financial Statements</i>	<i>Written Agreement</i>	<i>Other</i>
Individual	*		*	
Related Party Organization	*	*	*	
Endowment Fund	*			Documents establishing fund
Unrelated Organization			*	
Bank or Other Financial Institution				See slide

- Financial Statements: Current balance sheet and year to date income statement dated no earlier than 2 months before the budget due date.

Schedule 12-1 Contingency Funds (cont)

<i>Fund Source</i>	<i>Bank Statement</i>	<i>Financial Statements</i>	<i>Written Agreement</i>	<i>Other</i>
Individual	*		*	
Related Party Organization	*	*	*	
Endowment Fund	*			Documents establishing fund
Unrelated Organization			*	
Bank or Other Financial Institution				See slide

- Written Agreement: An agreement specifying who will provide the funds, that it will be provided to the school, the amount that will be provided, when it will be provided, if the amount needs to be paid back and, if so, when it needs to be paid back.

Schedule 12-1 Contingency Funds (cont)

- Endowment Funds: Documents establishing the endowment fund.

These documents should indicate:

- How the funds will be managed,
- What funding the endowment fund will provide to the school and the payment frequency (such as the interest on the funds will be provided annually), and
- What the funds may be used for, including any restrictions on the fund's uses.

Schedule 12-1 Contingency Funds (cont)

- Bank or Other Financial Institution:
 - If the school currently has the debt, a current statement from the lender showing the principal balance. This includes a statement for a line of credit that currently has \$0 taken out.
 - A current debt agreement or evidence the school is obtaining the debt. If the school does not yet have the agreement, the evidence must include:
 - The lender's name,
 - The estimated amount to be provided, and
 - A statement that the lender will provide the funds to the school.
 - **If there isn't a debt agreement in place by May 1st, evidence is required by May 1st and the final agreement must be provided for DPI to make its final determination by August 1st.**

Available Cash

SCHEDULE 8-1: ANTICIPATED CASH FLOWS JULY - DECEMBER

LN		Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Sub Total
27	TOTAL CASH PAYMENTS	-	-	-	-	-	-	-
		ENDING CASH BALANCE						
28	ENDING CASH BALANCE WITH RESTRICTED FUNDS	-	-	-	-	-	-	
29	ENDING CASH BALANCE EXCLUDING RESTRICTED FUNDS	-	-	-	-	-	-	
		ENDING CASH BALANCE WITHOUT SNSP						
30	ENDING CASH BALANCE WITHOUT SNSP REVENUE	-	-	-	-	-	-	
		AVAILABLE CASH						
31	AVAILABLE CASH*	-	-	-	-	-	-	

* Schools that participated in the Choice program or SNSP in the 2019-20 school year must reduce the July 2020-May 2021 Available Cash amount by any required cash and investment balance as of June 30, 2020 for the Choice and/or SNSP reserve.

- Review Line 31 on Schedule 8-1 and 8-2.
 - The maximum amount that can be identified as available cash is the lowest amount on Line 31 on Schedule 8-1 and 8-2.
 - If any amounts are negative, available cash cannot be used as a contingency funding source.

Knowledge Check 1

The school has a line of credit for \$200,000. The school plans on taking out \$100,000 in September and another \$100,000 in January. The school plans on repaying the \$200,000 in June. How much of the line of credit may be used as contingency funding?

- a. \$200,000
- b. \$0
- c. \$100,000

Knowledge Check 2

What is the maximum amount of available cash that can be used as contingency funding in this example?

SCHEDULE 8-1: ANTICIPATED CASH FLOWS JULY - DECEMBER							
LN		Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020
1	Beginning Cash And Investment Balance	-	55,000	45,000	35,000	150,000	150,000
CASH RECEIPTS							
2	Choice State Aid				20,193		20,193
3	Special Needs Scholarship Program				3,108		3,108
ENDING CASH BALANCE							
28	ENDING CASH BALANCE WITH RESTRICTED FUNDS	55,000	45,000	35,000	150,000	150,000	173,300
29	ENDING CASH BALANCE EXCLUDING RESTRICTED FUNDS	30,000	20,000	10,000	125,000	125,000	148,300
ENDING CASH BALANCE WITHOUT SNSP							
30	ENDING CASH BALANCE WITHOUT SNSP REVENUE	55,000	45,000	35,000	146,892	146,892	167,085
AVAILABLE CASH							
31	AVAILABLE CASH*	55,000	45,000	35,000	126,700	126,700	126,700

SCHEDULE 8-2: ANTICIPATED CASH FLOWS JANUARY - JUNE							
LN		Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021
1	Beginning Cash & Investment Balance	173,300	100,000	80,000	103,300	80,000	80,000
CASH RECEIPTS							
2	Choice State Aid			20,193			20,193
3	Special Needs Scholarship Program			3,108			3,108
ENDING CASH BALANCE							
28	ENDING CASH BALANCE WITH RESTRICTED FUNDS	100,000	80,000	103,300	80,000	80,000	103,300
29	ENDING CASH BALANCE EXCLUDING RESTRICTED FUNDS	75,000	55,000	78,300	55,000	55,000	78,300
ENDING CASH BALANCE WITHOUT SNSP							
30	ENDING CASH BALANCE WITHOUT SNSP REVENUE	93,784	73,784	93,977	67,569	70,677	90,869
AVAILABLE CASH							
31	AVAILABLE CASH*	53,400	33,400	33,400	10,099	10,099	1,898

Complete Schedule 12-1

	MPCP Pupil Count	WPCP Pupil Count
4-Year-Old K/437 Hours	5	0
4-Year-Old K/437 Hours + 87.5 Hrs. Outreach		
5-Year-Old K/.5 Day		
5-Year-Old K/5 Day	10	3
Grades 1-8	32	3
Grades 9-12	10	3

		LOWEST PUPIL COUNTS							
Line	A Item Description	ALL PUPIL COUNT		CHOICE PUPIL COUNT					
		B Average FTE	C FTE Change	D Average MPCP Count	E Average WPCP Count	F Average RPCP Count	G Average FTE	H Sch 2-1 Average FTE	I FTE Change
1	4-Year-Old K-No Outreach	-	-				-	-	-
2	4-Year-Old K + Outreach	-	-				-	-	-
3	5-Year-Old K/.5 Day	-	-				-	-	-
4	5-Year-Old K/3 Day	-	-				-	-	-
5	5-Year-Old K/4 Day	-	-				-	-	-
6	5-Year-Old K/Full Day	-	-				-	-	-
7	Grades 1-8	-	-				-	-	-
8	Grades 9-12	-	-				-	-	-
9	TOTAL	-	-	-	-	-	-	-	-

Complete Schedule 12-1 & 12-2

- Remove one teacher who was to be paid a salary of \$44,000. The 7th and 8th grade classroom will be combined.
- The school will purchase \$5,000 less of equipment and \$1,000 less of classroom supplies.
- The school will receive \$10,000 less of tuition and fees.
- The school will receive \$5,000 less of government assistance.
- St. Mary's offers to provide \$35,000 of additional funding if required.
- The Clark Kent Endowment Fund will provide any remaining required contingency funding.

Example 12-2

		COST CHANGES			
Line	A Item Description	B Low Budget	C Current Budget	D Difference	E Explanation of Difference <i>If additional space is needed, attach an additional sheet</i>
1	Salaries <i>Sch 3-1</i>	529,800	529,800	-	OK
2	FICA, Medicare, & Unemployment Taxes <i>Sch 3-1</i>	-	-	-	
3	Employer Paid Benefits <i>Sch 3-1</i>	-	-	-	
4	Utilities & Supplies <i>Sch 3-2</i>	33,900	33,900	-	OK
5	Non Eligible Expenses <i>Sch 3-2</i>	20,000	20,000	-	OK
6	Insurance <i>Sch 3-2</i>	12,000	12,000	-	OK
7	Services, Contractor & Other Expenses <i>Sch 3-3</i>	235,300	235,300	-	OK
8	Fixed Asset Purchases & Lease Payments <i>Sch 5-1 & 5-3</i>	74,000	74,000	-	OK
9	TOTAL COSTS	905,000	905,000	-	
FINANCING SOURCES REDUCTIONS					
10	Choice Revenue <i>Sch 2 & 12-1</i>	500,777	614,502	(113,725)	
11	SNRP Revenue <i>Sch 2 & 12-1</i>	-	-	-	OK
12	Tuition & Fees <i>Sch 4-1</i>		73,700	(73,700)	ERROR
13	Government Assistance <i>Sch 4-1</i>		106,200	(106,200)	ERROR
14	Contributions, Non-Gvmt Grants, Fundraising, & Church Offerings <i>Sch 4-2</i>	142,000	142,000	-	OK
15	Related Party Organization Contributions & Investment Income <i>Sch 4-3</i>	30,200	30,200	-	OK
16	Other Revenues <i>Sch 4-4</i>	1,200	1,200	-	OK
17	TOTAL FINANCING SOURCES	674,177	967,802	(293,625)	
DEBT CHANGES					
18	Principal Incurred <i>Sch 6, Col D, Line 13</i>	106,000	106,000	-	OK
19	Principal Paid <i>Sch 6, Col E, Line 13</i>	202,000	202,000	-	
20	Interest Owed <i>Sch 6, Col D, Line 20</i>	25,300	25,300	-	
21	TOTAL DEBT	(121,300)	(121,300)	-	
22	CURRENT BUDGET BALANCE	(352,123)	(58,498)	(293,625)	2 EXPLANATIONS STILL NEEDED

Schedule 12-1 Low Budget

- When reducing the low budget, an explanation is required in column E.
- If any positions are being eliminated, line 14 on schedule 12-1 also needs to be completed.

	EXPLANATION OF CHANGES	
13	Will any positions be eliminated if the school has the lower pupil count identified above?	
If the answer to 13 is yes, what positions will be eliminated? Who will complete the duties of the eliminated positions?		
14		
Describe any changes in the timing of cash receipts and cash payments.		
15		

Required Contingency Funding

Line	A Item Description	COST CHANGES		
		B Low Budget	C Current Budget	D Difference
1	Salaries <i>Sch 3-1</i>	485,800	529,800	(44,000)
2	FICA, Medicare, & Unemployment Taxes <i>Sch 3-1</i>	-	-	-
3	Employer Paid Benefits <i>Sch 3-1</i>	-	-	-
4	Utilities & Supplies <i>Sch 3-2</i>	32,900	33,900	(1,000)
5	Non Eligible Expenses <i>Sch 3-2</i>	20,000	20,000	-
6	Insurance <i>Sch 3-2</i>	12,000	12,000	-
7	Services, Contractor & Other Expenses <i>Sch 3-3</i>	235,300	235,300	-
8	Fixed Asset Purchases & Lease Payments <i>Sch 5-1 & 5-3</i>	69,000	74,000	(5,000)
9	TOTAL COSTS	855,000	905,000	(50,000)
FINANCING SOURCES REDUCTIONS				
10	Choice Revenue <i>Sch 2 & 12-1</i>	500,777	614,502	(113,725)
11	SNAP Revenue <i>Sch 2 & 12-1</i>	-	-	-
12	Tuition & Fees <i>Sch 4-1</i>	63,700	73,700	(10,000)
13	Government Assistance <i>Sch 4-1</i>	101,200	106,200	(5,000)
14	Contributions, Non-Gvmt Grants, Fundraising, & Church Offerings <i>Sch 4-2</i>	142,000	142,000	-
15	Related Party Organization Contributions & Investment Income <i>Sch 4-3</i>	30,200	30,200	-
16	Other Revenues <i>Sch 4-4</i>	1,200	1,200	-
17	TOTAL FINANCING SOURCES	839,077	967,802	(128,725)
DEBT CHANGES				
18	Principal Incurred <i>Sch 6, Col D, Line 13</i>	106,000	106,000	-
19	Principal Paid <i>Sch 6, Col E, Line 13</i>	202,000	202,000	-
20	Interest Owed <i>Sch 6, Col D, Line 20</i>	25,300	25,300	-
21	TOTAL DEBT	(121,300)	(121,300)	-
22	CURRENT BUDGET BALANCE	(137,223)	(58,498)	(78,725)

Low Budget Choice Revenue (Sch 12-2, Ln 10, Col B)	500,777
Required Percentage for Contingency Funding	5%
	25,039
Required Funding to Cover Low Choice Revenue -Greater of \$20,000 or 5% of Expected Choice Payments	25,039
Plus: Any Deficit for Low Budget (Sch 12-2, Ln 22, Col B)	137,223
Total Required Contingency Funding	162,262

Schedule 12-1 Contingency Funding

		CONTINGENCY FUNDING				
A		B		C		
Name of Source <i>General descriptions such as "bank account" are insufficient.</i>		Source Type		Amount Available for Contingency Funds		
16					NO RESPONSE	
17						
18						
19						
20						
21	TOTAL				-	
						1 Re

BUDGET REVIEW & SUBMISSION

Final Budget Review

- Complete Step 16 in the instructions prior to submitting the budget to DPI:
 - Review the cash flow schedules (Schedules 8-1 and 8-2) for negative ending cash balances with any restricted investments excluded.
 - Remove any budget deficits or net losses from the Net Operating Balances Schedule (Schedule 9).
- Complete the following for the Net Asset Schedule (Schedule 7-1):
 - Remove any negative net asset balances.
 - Remove any negative net current obligation.

Complete Budget

- Do not use Google docs when updating the budget.
- The budget must be completed at the legal entity level.
- The budget must be the final version, drafts are not accepted.
- The cover page must be signed and dated by the Choice administrator (the individual indicated on the Intent to Participate).

IV. SIGNATURE	
<p>All schools: I certify that the information contained herein is correct and accurate, and includes all liabilities of the legal entity of the school. I understand the budget MUST MEET ALL OF THE REQUIREMENTS in Section III above. I agree that typing my name below constitutes a legal signature.</p> <p>For new schools participating in the MPCP, RPCP, or WPCP for the 2020-21 school year: I understand that the Department of Public Instruction (DPI) must receive a complete budget, including all required attachments, by the date in the instructions. Failure to provide a complete budget and all attachments by the required date may result in the school being ineligible to participate in the Choice program in the 2020-21 school year.</p>	
Electronic Signature of Choice/SNSP Administrator <i>The Administrator must type his/her name below.</i>	Date Signed

Complete Budget (cont)

- No budget will be accepted with errors on the error report unless an email from a DPI auditor accepting the error is provided with the budget. Approval for this must be granted via an email from a DPI auditor PRIOR TO the due date of the report.
- The question marks give information on how to address errors.

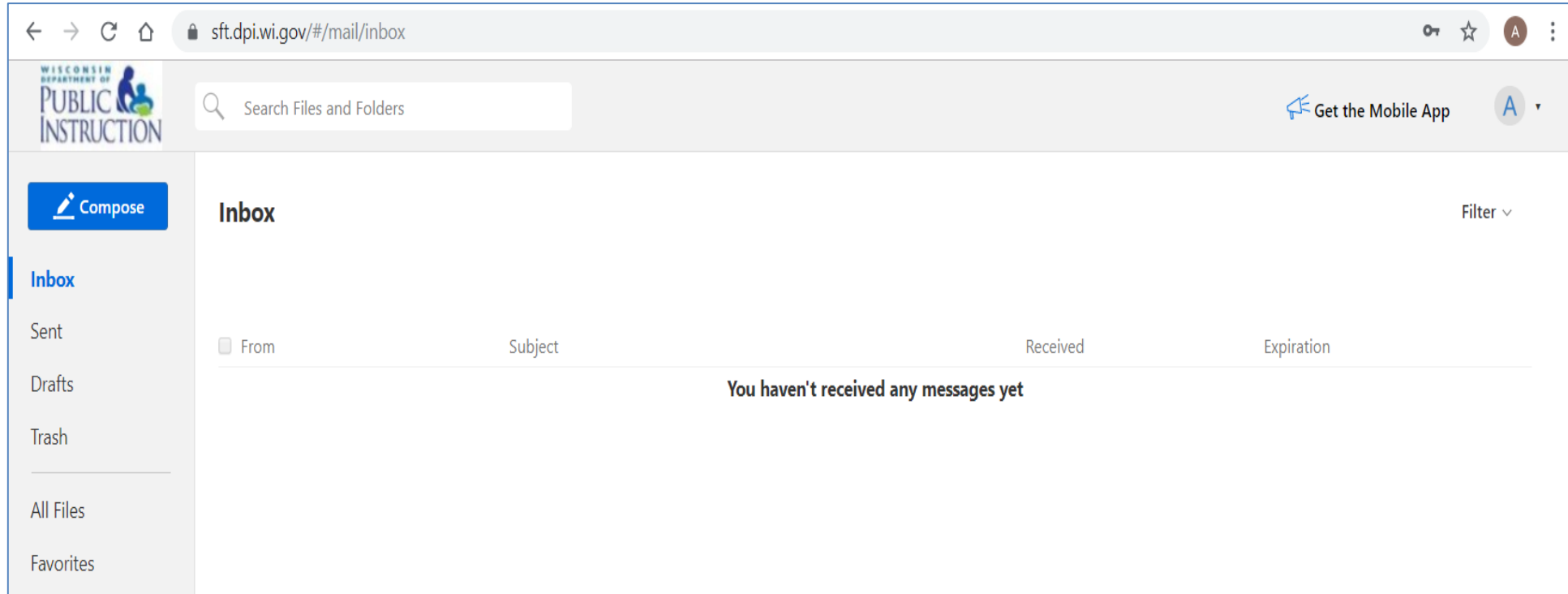
ERROR REPORT			
Budget for the period from July 1, 2020 to June 30, 2021			
All errors on this page must be removed except if an email from a DPI auditor specifically excusing the error is submitted with the budget. See the comment on the question mark for information on resolving each error. Please be aware certain errors ensure that different amounts match exactly (including with decimal points).			
COVER PAGE			
Line	Item		Result
[?]	Cover page completed		ERROR
[?]	The school must complete all yellow cells on the cover page, including indicating all programs it will be participating in.		ERROR
[?]			OK
SCHEDULE 2-1, 2-2, AND 2-3			
[?]	4 Prelim 3rd Eri Sept and/or 2nd Eri Sept Choice and SNSP enrollment is more than the all pupil enrollment		OK

Complete Budget (cont)

- The full budget, including all required attachments, must be uploaded to Kiteworks no later than May 1st. Label each attachment with its number before uploading it.
- The DPI strongly recommends not waiting until the last day to upload the documents in case you have technical difficulties.

GENERAL ATTACHMENTS		
Line	A Attachment Description	B Document Required
1	Current balance sheet for the legal entity of the school dated no earlier than two months before the due date of the budget.	YES
2	Current year-to-date income statement for the legal entity of the school dated no earlier than two months before the due date of the budget.	YES
3	All cash and investment account bank statements for the legal entity of the school dated no earlier than two months before the due date of the budget.	YES
4	June 30, 2019 balance sheet for the legal entity of school. If the school is a current participant in the MPCP, RPCP, WPCP, or SNSP and submitted a standard 2018-19 financial audit (not a modified financial audit) at the legal entity level by October 15, 2019, this balance sheet is not required.	YES
5	Income statement from July 1, 2018 to June 30, 2019 for the legal entity of school. If the school is a current participant in the MPCP, RPCP, WPCP, or SNSP and submitted a standard 2018-19 financial audit (not a modified financial audit) at the legal entity level by October 15, 2019, this income statement is not required.	YES
6	Classroom configurations by classroom that indicates the number of students and their grade(s), number of teachers, and number of teacher's aides in each classroom.	NO

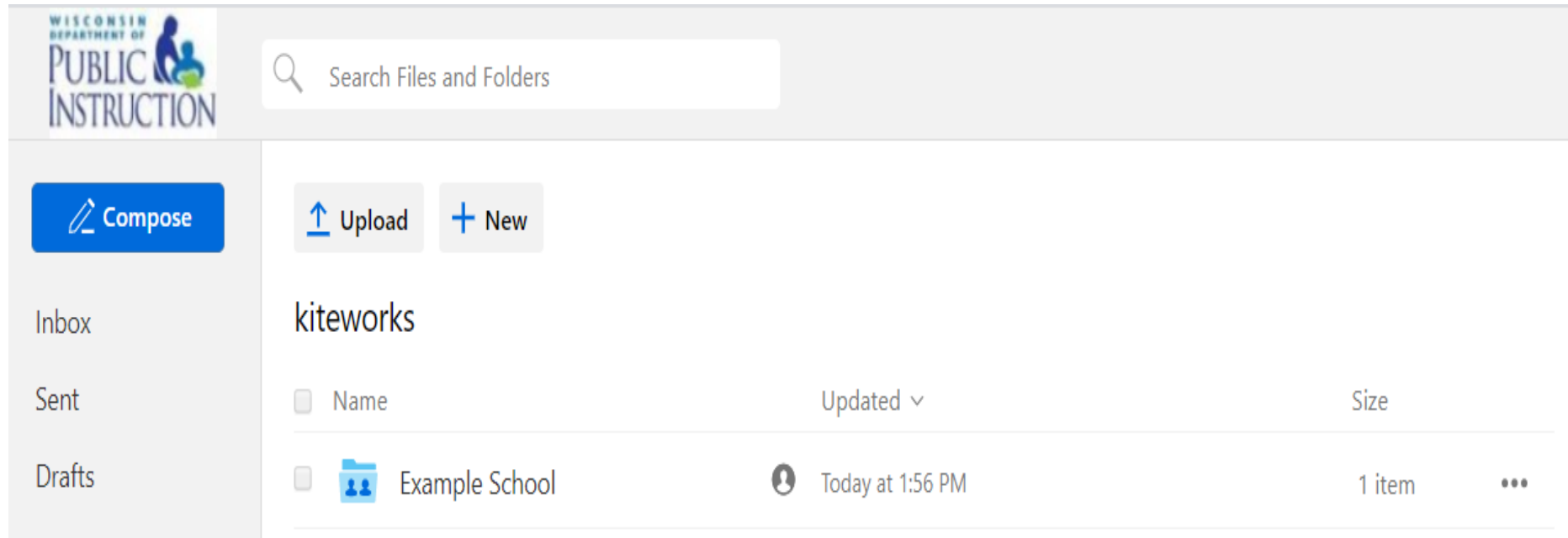
Submission of the Budget



- In Kiteworks, go to “All Files”

Submission of the Budget (cont)

- Click on your school's folder and then click “Original Submission”.



Submission of the Budget (cont)

- Click on the Upload button or drag the documents in.

The screenshot displays the file management interface of the Wisconsin Department of Public Instruction. At the top, there is a search bar labeled "Search Files and Folders" and a notification banner stating "Files successfully uploaded". The left sidebar contains navigation options: "Compose", "Inbox", "Sent", "Drafts", "Trash" (with a count of 1), "Outbox", "All Files" (selected), "Recents", "Favorites", and "Contacts". The main content area shows the breadcrumb path "kiteworks > ... > Budget and...low Report > Original Submission". Below this, there are buttons for "Upload", "New", and "More". A table lists the uploaded files with columns for "Name", "Updated", and "Size".

Name	Updated	Size
Attachment 5-Prior Year Income Statement.pdf	Today at 2:22 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 7-City Assessor Records.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 4-Prior Year Balance Sheet.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 3-Bank Statements.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 25-Contingency Fund Written Agreements.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
ABC School 2020-21_Choice_SNSP_Budget.xls	Today at 2:20 PM by snsp@dpi.wi.gov	711.5 KB
Attachment 24-Contingency Fund Bank Stmts.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 1-Current Balance Sheet.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 2-Current Income Statement.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 19-Pay Dates Schedule.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 20-Employee Compensation Agreements.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 12-Contribution Written Agreements.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 13-Related Party Contribution Support.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 14-Endowment Fund Bank Stmts and Establishment Docs.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB
Attachment 10-Rental Lease Agreements.pdf	Today at 2:20 PM by snsp@dpi.wi.gov	171.5 KB

Surety Bond Requirements

New School Financial Requirements

- Schools new to the Choice programs must submit either the (1) DPI Budget & Cash Flow Report, including all related attachments; or (2) Surety Bond.

	Surety Bond	DPI Budget & Cash Flow Report
Due Date	May 1	May 1, DPI determines whether the school meets the requirements by August 1.
Frequency of Requirement	Annual until the requirements to remove the bond are met. A revised bond may be required for a new amount each year if the expected payment increases based on actual pupil counts.	First year of participation.

Surety Bond Required Amount

- Must be equal to 25% of the total amount of expected Choice payments to be received by the school in the upcoming school year.
- The expected payments are based on the number of available seats in the Intent to Participate (ITP).
- Schools that have a 3rd Friday in September Choice pupil count that is higher than the expected payment amount based on the number of available seats in the ITP may be required to provide a revised bond.

Surety Bond

- Any school that identified they will use the surety bond option in the ITP received a surety bond form via email that must be used.
- If a school later decides to change from a budget to a bond, they must notify the DPI as soon as possible by emailing dpichoiceauditreports@dpi.wi.gov.
- Bonds can take one or two months to obtain, so the school should begin this process as soon as possible.
- Any company that issues bonds may provide the bond. Schools can start by contacting their insurance agent to obtain the bond.

When Could the Surety Bond Be Called?

- The DPI may call upon a bond for a number of reasons including:
 - The school failed to timely file the financial audit or enrollment reports; or
 - The school failed to timely pay the DPI for any amount due.

Surety Bond Continued Annual Requirement

- If a school chooses the surety bond option, it must annually provide a surety bond by May 1 until it provides all of the following:
 - A financial audit prepared in accordance with generally accepted accounting principles (GAAP) that does not contain any indicators that the school is not financially viable.
 - Evidence of sound fiscal and internal control practices for the school year in the financial audit and for the subsequent school year.
- DPI will notify schools when they have met the requirements to no longer provide a bond.

Financial Audit

- The financial audit to remove the bond must meet the following requirements:
 - Be at the legal entity level.
 - Include two-year comparative financial statements that include the audit of the full-year financial information for both school years.
- The modified financial audit will not be sufficient to remove the surety bond requirement.

Examples of Non Financially Viable Indicators

- The financial audit opinion contains an emphasis of matter or an expression of the auditor's doubt as to the school's ability to continue.
- Either year in the financial audit has any of the following:
 - Total assets are less than total liabilities.
 - Current assets are less than current liabilities.
 - The change in net assets are negative unless the alternative option is used.

Examples of Non Financially Viable Indicators (cont)

- The school failed to make payments to vendors as required per written agreement or, if there is no agreement, within 90 days of invoice or payment request.
- The school has past due amounts with government agencies, including payment of employee withholdings, even if the school has entered into a payment plan with the government agency.
- The school failed to pay employees as required.

Surety Bond Changes

- If the school's actual 3rd Friday in September pupil count is higher than the number of seats available in the ITP, the following will occur:
 - The total expected Choice payments based on the 3rd Friday in September Pupil Count Reports will be compared to the total expected Choice payments based on the available seats in the ITP.
 - If the difference between the total expected payment amounts is \$50,000 or more, a revised bond is required.

Surety Bond Changes (cont)

- If a revised bond is required, it must meet the following:
 - The revised bond is due by the first weekday in November.
 - The revised bond amount will be 25% of the total expected payment based on the 3rd Friday in September pupil count and the submitted Summer School Count Report, if applicable.

Surety Bond Changes (cont)

- The surety bond amount may not be reduced if the total expected payment based on the 3rd Friday in September Pupil Count Reports is less than the total expected payment based on the ITP.
- The surety bond is not modified for any changes in the 2nd Friday in January pupil counts.

Surety Bond Review

PRIVATE SCHOOL CHOICE PROGRAMS BOND

Whereas, _____ *(name of legal entity of school)*

- The school must ensure the bond is on the DPI provided Choice bond form.
- The name on the first line of the bond is the name of the legal entity of the school. This line must match the name of the legal entity of the school on the W-9.

Surety Bond Review (cont)

Whereas, _____ (name of legal entity of school),

doing business as ABC School (name of school, hereinafter the Principal),

- ___ a nonprofit corporation
- ___ affiliated with a religious organization with non-profit status
- ___ a for-profit corporation
- ___ a for-profit limited partnership
- ___ a for-profit partnership
- ___ a for-profit sole proprietorship

at 123 Main St. Madison, WI 53234 (address of school),

as PRINCIPAL, and _____ (name of company providing bond) of
_____ (address of company providing bond) as SURETY, an
insurer authorized to transact surety business in Wisconsin, are held and firmly bound to the Wisconsin Department of Public
Instruction in the sum of \$77,813 (amount of bond) for the payment of which we bind ourselves, and our heirs, executors,
administrators, successors, and assignees, jointly and severally. This bond is payable to the Wisconsin Department of Public
Instruction in the event of injury or loss caused by a failure of the Principal to fulfill the conditions of this bond, but in no event
shall the Surety's aggregate obligation exceed \$77,813 (amount of bond).

- The school must ensure all of the language matches the bond originally emailed to the school, including the prefilled information that is school specific.

Surety Bond Review (cont)

doing business as ABC School (name of school, hereinafter the Principal),

☐ a nonprofit corporation
☐ affiliated with a religious organization with non-profit status
☐ a for-profit corporation
☐ a for-profit limited partnership
☐ a for-profit partnership
☐ a for-profit sole proprietorship

at 123 Main St. Madison, WI 53234 (address of school),

as PRINCIPAL, and _____ (name of company providing bond) of _____ (address of company providing bond) as SURETY, an insurer authorized to transact surety business in Wisconsin, are held and firmly bound to the Wisconsin Department of Public Instruction in the sum of \$77,813 (amount of bond) for the payment of which we bind ourselves, and our heirs, executors, administrators, successors, and assignees, jointly and severally. This bond is payable to the Wisconsin Department of Public Instruction in the event of injury or loss caused by a failure of the Principal to fulfill the conditions of this bond, but in no event shall the Surety's aggregate obligation exceed \$77,813 (amount of bond).

The Principal is participating in the Private School Choice Programs as authorized in ss. 118.60 and 119.23, Wis. Stats., and is obligated to faithfully perform the responsibilities specified under ss. 118.60 and 119.23, Wis. Stats., and chs. PI 35 and 48, Wis. Adm. Code.

This surety bond, payable to the State of Wisconsin, is a requirement under ss. 118.60 (7m) and 119.23 (7m), Wis. Stats., for participation in the Private School Choice Programs. This bond may be called upon by the Wisconsin Department of Public Instruction if: (a) the Principal failed to timely file any report required under ss. 118.60 or 119.23, Wis. Stats., or chs. PI 35 or 48, Wis. Adm. Code; (b) the Principal failed to timely refund the Wisconsin Department of Public Instruction any amount certified due under chs. PI 35 or PI 48, Wis. Adm. Code; (c) the Principal failed to timely refund the Wisconsin Department of Public Instruction the Private School Choice Programs reserve balance as prescribed under ss. 118.60 or 119.23, Wis. Stats., and chs. PI 35 and 48, Wis. Adm. Code; or (d) the Principal failed to timely refund to the Wisconsin Department of Public Instruction any other money owed to the agency for any other reason under ss. 118.60 or 119.23, Wis. Stats., or chs. PI 35 or 48, Wis. Adm. Code. Notice of Demand for Payment of the bond should be sent to Surety at the following address:

- The school must ensure all blank fields on the bond form are completed.

Surety Bond Review (cont)

This bond is effective and shall remain in force for the July 1, 2020 to June 30, 2021 school year, including for summer school, if any, and continuing until any reports for that school year that may be due at a later date are certified by the Department and repayment, if any, is made. The Surety may choose to not renew the bond, provided the Surety gives sixty (60) days' advance written notice of its intention to terminate to the State Superintendent of Public Instruction, Wisconsin Department of Public Instruction, Attn: Private School Choice Programs, P.O. Box 7841, Madison, WI 53707-7841. The bond may be terminated by the Surety prior to the expiration of the agreed term, upon giving ten (10) days' advance written notice of its intention to terminate to the State Superintendent of Public Instruction, Wisconsin Department of Public Instruction, Attn: Private School Choice Programs, P.O. Box 7841, Madison, WI 53707-7841, but only for failure to pay a premium when due, for material misrepresentation, substantial change in the risk assumed or other grounds described in s. 631.36(2) Wis. Stats. Such termination shall not relieve the Surety of liability for acts or omissions occurring before the effective date of termination.

Dated at _____(city), _____(state), this _____ day of _____, 20____.

(Printed Name of Surety)

(Signature of Authorized Individual for Principal)

(Signature of Company Officer for Surety)

(Printed Name of Authorized Individual for Principal)

(Signature of Attorney-in-fact for Surety)

(Printed Title of Authorized Individual for Principal)

- The school must ensure the “Dated at” line is completed and dated on or before the date the surety bond is provided to DPI.

Surety Bond Review (cont)

(Printed Name of Surety)

(Signature of Company Officer for Surety)

(Signature of Attorney-in-fact for Surety)

- The "Printed Name of Surety" on the bottom left side of the bond must match the name of the company providing the bond. For example, if an insurance company provided the bond, it would list the name of the insurance company.
- Either a company officer for the Surety or an attorney for the Surety must have signed the surety bond on the bottom left side of the bond. Both lines do not need to contain a signature.
- The Power of Attorney is provided with the bond indicating the individual from the Surety who signed the bond has the authority to sign the bond on behalf of the Surety.

Surety Bond Review (cont)

- The school administrator or another authorized individual from the school must complete all three lines of the "Authorized Individual for Principal" signature section on the bottom right side of the bond.

(Signature of Authorized Individual for Principal)

(Printed Name of Authorized Individual for Principal)

(Printed Title of Authorized Individual for Principal)

Surety Bonds Submission

- Surety bonds, with the Power of Attorney form, can either be emailed to dpichoiceauditreports@dpi.wi.gov or mailed to the DPI.
- DPI recommends emailing the form to the DPI and retaining the original for the school's records.

Knowledge Check 1

True or False: A new school to the program has determined it will use the surety bond option for new schools. The school's expected payments based on the ITP were \$500,000. The school is participating in the WPCP and ends up receiving less WPCP applications than they originally anticipated. The school can provide a bond by May 1, 2020 for the lower amount that they now expect to receive from the Choice programs.

Knowledge Check 2

The expected payment based on the ITP was \$100,000, so the originally required bond was \$25,000. Based on the actual 3rd Friday in September pupil count, the expected Choice payment is \$150,000, which would result in a required bond amount of \$37,500. Which of the following is true?

- a. The school is required to obtain a revised bond because the expected Choice payment amount increased by \$50,000.
- b. The school is not required to obtain a revised bond because the required bond only increased by \$12,500, which is less than \$50,000.

On Demand Trainings

- Available at <https://dpi.wi.gov/sms/choice-programs/on-demand-training>
- Includes:
 - K4 Parental Outreach (Training 1-3)
 - Auditor Authorization Form (Training 3-3)
 - Surety Bond and New School Budget & Cash Flow Report (Training 3-5)
 - Student Information System (Training 4-1)
 - Financial Audit Requirements (Training 5)
 - Fiscal & Internal Control Practices (Training 6)
 - Payment Process, Pupil Count Overview, Audit Overview (Training 9-1)
 - Count Reports (Training 9-2 & 9-3)

Bulletins

- Available at <https://dpi.wi.gov/sms/choice-programs/bulletins>
 - Financial Audit and PSCP/SNSP Reserve Balance Bulletin
 - PSCP Eligible Education Expenses Bulletin
 - K4 Parental Outreach Activities Bulletin

QUESTIONS?

**Budget questions should be sent to:
dpichoiceauditreports@dpi.wi.gov**

Andrea Kratz
Andrea.Kratz@dpi.wi.gov
(608) 267-1291

Kendra Neuman
Kendra.Neuman@dpi.wi.gov
(608) 266-2819

Rob Monroe
Rob.Monroe@dpi.wi.gov
(608) 266-2658

General program questions should be sent to:
privateschoolchoice@dpi.wi.gov